



## NEWS: EUROPE

# Alitalia chief quits after shake-up

By John Simkins in Milan

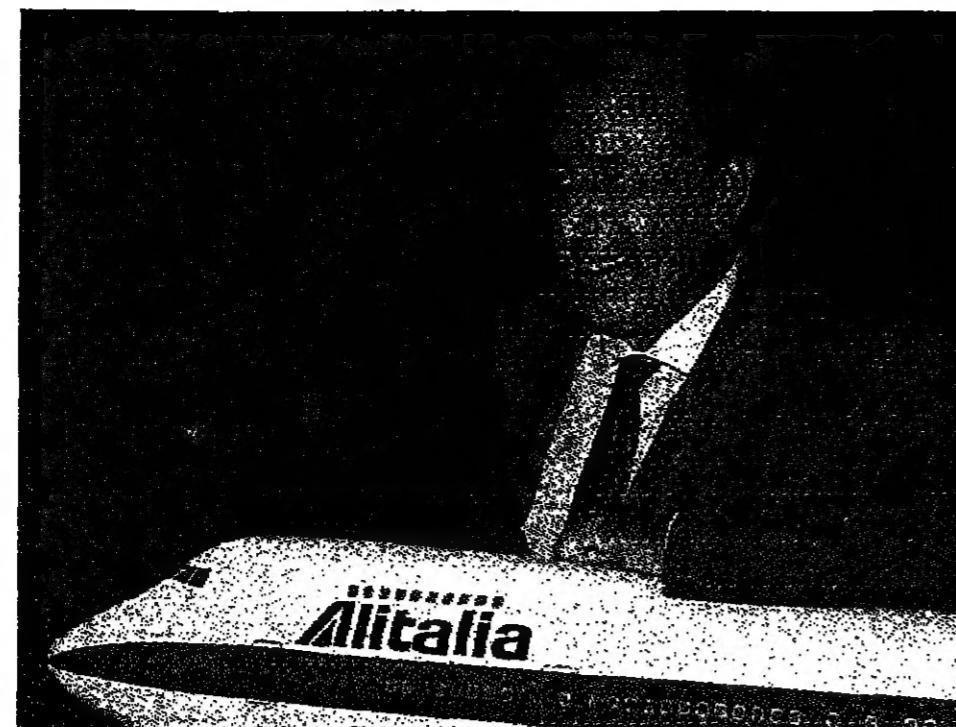
Controversy over the future of Alitalia, Italy's troubled national airline, deepened yesterday following the resignation of its chairman, Mr Renato Riverso, and his warning against selling out to the unions.

Mr Riverso, who informed IrI, the state holding company which owns 90 per cent of the airline, of his decision on Thursday night, lost his operational role in the management earlier this week during a shake-up by Mr Domenico Cempella, the new chief executive.

Mr Cempella's appointment heralded a less confrontational approach toward the unions on cutting costs and more flexible work practices.

In a long and bitter letter to *Il Sole 24 Ore* newspaper Mr Riverso likened the debate on Alitalia's restructuring and proposed L1.500bn (US\$230m) capital increase on the open market to a dance involving unions, government and politicians in which IrI "has at times participated silently and passively".

Mr Riverso said: "In tackling union reactions the management has remained isolated." This isolation had been fed by "interests other than the original ones of rescuing and relaunching the business", a clear reference to political interference and IrI's desire for calm in order to fit its other problems.



Renato Riverso: 'unions have again lost sight of the true objective of the negotiations'

than L3,500bn and unofficial estimates indicate it will lose L2,500bn in this year's first quarter.

The carrier has insisted that an 18-month freeze on industrial action by its nine unions

should be a precondition for restructuring. Mr Riverso said: "It seems to me the unions have again lost sight of the true objective of the negotiations, which is the restructuring of Alitalia, insisting

instead on a relaunch based on [the airline's] development."

He said restructuring could not take place without affecting jobs, and added it was "absurd" talks about a capital increase had become "the object of union negotiation".

He maintained that a capital increase had to bolster the restructuring and lead the business towards privatisation. If this were not guaranteed, injecting capital into Alitalia "would become an unacceptable form of subsidy".

Mr Riverso, former head of IBM Europe, joined Alitalia two years ago, together with Mr Roberto Schisano, who was appointed chief executive. Mr Riverso took over the role of chief executive as well last autumn when Mr Schisano was dismissed for allegedly mishandling union negotiations. Mr Schisano negotiated a secret L2,500m pay increase with pilots last summer.

Mr Riverso was reported to have favoured taking legal action against Mr Schisano but Alitalia dropped plans for this last week.

Yesterday Mr Schisano said that if he and Mr Riverso had remained united, the restructuring could have gone ahead quickly. There was no other road for Alitalia other than a substantial restructuring.

## War crime clamour over Serb soldiers

By Laura Silber in Belgrade

President Slobodan Milosevic of Serbia faced mounting pressure yesterday to extradite two soldiers in the UN war crimes tribunal for questioning about a massacre of Muslims in Srebrenica.

One of the soldiers, Mr Drazen Erdemovic, has admitted in a graphic interview with the French newspaper *Le Figaro* that he took part in the killing by rebel Serbs of 1,200 Bosnian Muslim prisoners in a single day last summer.

Mr Erdemovic said the Muslim men and boys were ferried to their place of execution, a village called Pilica, in five buses which carried 60 at a time. "Most of them begged us not to kill them or promised us money," he recalled.

Mr Erdemovic, an ethnic Croat, was arrested by Serbian police shortly after giving the interview last week.

The US state department has urged the Serbian authorities to send to The Hague tribunal Mr Erdemovic and Mr Radoslav Kremensic, another Bosnian-Serb soldier whom the court wants to question about the Srebrenica killings.

Prosecutors from The Hague will meet senior Serbian officials in Belgrade next week to discuss the case.

Under the Dayton peace agreement, the leaders of Serbia, Croatia and Bosnia are required to co-operate with the war crimes tribunal. Any breach of this accord could prompt Washington to go slow on Serbia's international rehabilitation.

In another case, the war crimes tribunal yesterday issued an international arrest warrant for Mr Milan Martic, a Krajina Serb leader who was indicted in July for bombing Sarajevo, the Croatian capital.

Mr Martic, who is now living in Banja Luka, the Serb-held city in north-western Bosnia, this week once again admitted having ordered the two cluster bomb attacks, which left seven people dead.

## EUROPEAN NEWS DIGEST

## Portugal backs defence grouping

Portugal's Socialist government yesterday said it would not support a common European foreign and defence policy conceived along the lines of that of a nation state. Mr Jaime Gama, foreign minister, said his government would instead push for the Western European Union, an embryonic defence grouping of 10 nations, to be integrated into the EU and established as Nato's European arm.

Presenting a negotiating position for the intergovernmental conference which begins in Turin later this month, he said Portugal would oppose any reform of European institutions that diminished the powers of smaller EU member states, and would reject any alteration of the present balance between the European Council of Ministers, Commission and parliament. However, Portugal would call for a bigger role for the European parliament in the legislative process and for more participation by national parliaments. Peter Wiles, Lisbon

### Court clears Dutch businessman

A court in The Hague yesterday cleared Mr Joep van den Nieuwenhuizen, former chairman of the Dutch engineering group Begegeman, of insider trading. The case, the first real test of 1989 insider-trading legislation, had been referred back to the lower court after the Supreme Court quashed an earlier conviction in 1984.

Mr van den Nieuwenhuizen said after his acquittal that he would be seeking damages from the Amsterdam stock exchange and the justice ministry. He has been fighting charges of insider trading since 1981.

The case centred on a rescue plan assembled in 1981 for HCS, a computer company in which Mr van den Nieuwenhuizen was one of the main shareholders. He sold shares in HCS the morning after he attended a meeting to discuss the rescue plan with other main shareholders and the company's bankers.

Ronald van de Krol, Amsterdam

### German bank loans for Moscow

German banks are putting together a DM4bn (£1.7bn) loan package for Russia aimed at supporting structural reform and strengthening economic, technical and industrial ties. Bonn will back 90 per cent of the loans, which will increase its credit exposure to Russia. That exposure - consisting mainly of export guarantees - totalled nearly DM41bn at the end of 1995.

Deutsche Morgan Grenfell is syndicating a DM3bn seven-year loan among German banks. The facility will have a four-year grace period and pay an interest rate of 13% basis points over Libor. Deutsche is offering an up-front fee of 75 basis points to banks committing DM300m.

Kreditanstalt für Wiederaufbau, the Frankfurt-based development bank, is thought to be extending a further DM1bn credit, expected to be spent on long-term projects involving German companies. Connor Middleman, London

### Yeltsin approval for land sale

President Boris Yeltsin has given 40m Russian landowners the right to sell their property. The decree, which might be superseded by a parliamentary law, turns the land that Russian villagers and farmers were given by the government in 1989 into a tradeable commodity.

The move was denounced by the agrarian and Communist parties. Some regional leaders and heads of collective farms, which have been only superficially reorganised, oppose liberalisation and could block attempts to implement the decree.

Matthew Kaminski, Moscow

## Spaniards in feast of unity talks

By Tom Burns in Madrid

Political business in Spain has switched from strident speeches on the electoral stump to confidential talks about common ground conducted over long breakfasts, lunches and dinners.

The centre-right Popular party (PP), which won Sunday's general elections but is 20 seats short of a working majority, said yesterday it was inching towards an agreement with minority parties that would enable it to form a government.

Meanwhile, the outgoing Socialist government of Mr Felipe González said it would begin meetings with the PP next week to co-ordinate the transfer of power.

The PP's chief deal-maker, Mr Rodrigo Rato, said talks

with the Basque and Catalan nationalist parties had failed to produce details of an agreement but had opened the door to further negotiations.

He warned that the PP's search for a "stable governing majority that will be as widely based as possible" would take up most of his time - and apparently all his eating hours - for the rest of the month.

A midweek dinner between Mr Rato and Mr Joaquín Molina, spokesman for Catalonia's Convergència i Unió (CIU) party in the Madrid parliament, lasted until 1.30am and secured the tacit understanding that new elections to break the stalemate should be avoided.

New polls could be inevitable if Mr José María Aznar, PP leader, failed to win a parliamentary vote of confidence that is provisionally scheduled for early April.

Catalan and Basque support is vital for Mr Aznar, who risks losing the investiture debate to the combined votes of the Socialists and minority left-wing parties.

The morning after his dinner with Mr Molina, Mr Rato flew to Barcelona for a breakfast with Mr Josep Anton Durán Lleida, head of CIU's Christian Democrat wing who has in the past been more responsive to agreements between the PP and the Catalan nationalists.

Mr Durán Lleida was, however, lukewarm and is reported to have informed Mr Jordi Pujol, the CIU leader who runs Catalonia's home-rule government, that the PP "still had to do more homework".

Mr Rato said there were four

main areas which the PP and the Catalan and Basque parties - together with other regional groups in parliament - could find common ground. These were a united policy over Europe based on the need to meet the criteria for monetary union, a consensus over a sustainable welfare system, an agreement to eliminate the duplication of central and local government administrations, and a common front against terrorism.

Yesterday Mr Maqui Anasagasti, spokesman in the Madrid parliament for the Basque nationalists, indicated after a lunch with Mr Rato that the centre-right charm offensive was making headway.

"The PP's meeting now has nothing to do with the one I knew before the elections," he said.

Mr Rato said there were four

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## NEWS: EUROPE

Controls on Bremer Vulkan contracts face probe

## German shipyards may be reprivatised

By Judy Dempsey in Berlin

The German privatisation agency yesterday said it wanted to hive off east Germany's shipyards from Bremer Vulkan, the shipbuilding company which last month sought protection from its creditors, and then reprivatise them.

The announcement coincides with confirmation from the federal auditing office, which monitors spending by public institutions, that it will investigate what controls the Bundesanstalt für vereinigungsbefreiende Sonderaufgaben (BVS), the successor to the Treuhand privatisation agency, had over contracts signed with Bremer Vulkan.

The Treuhand sold Volkswert Stralsund (VWS) and MTW Schiffswerft (MTW), two east German shipyards, to Bremer Vulkan in 1992 on condition its new owners invested DM1.2bn (550m) in the yards.

However, DM715m of state-guaranteed investments earmarked for the east German yards was placed in a special cash management fund at Bre-

mer Vulkan's headquarters in Bremen.

The investments were then siphoned off and poured into other projects and loss-making divisions.

Mr Heinrich Hornef, president of the BVS, dismissed suggestions that the BVS was responsible for the misuse of state-backed investments, and said the contracts had the "normal controls". The BVS has a special contracts management department which is meant to monitor implementation of investments, adherence to timetables and fulfilment of investment projects by those who have bought east German companies from the Treuhand and BVS.

Earlier this week Mr Karel van Miert, EU competition commissioner, said subsidies should not be placed into the central finances of a parent company and that it was necessary to have guarantees about how funds were meant to be used. Mr van Miert and the state government of Mecklenburg-Vorpommern, where the east German yards are located,

have criticised the weak system of controls over public subsidies.

It is likely more subsidies will be required for MTW and VWS. Mr Hornef said both shipyards needed fresh capital, subsidies backed by the European Commission, and a new strategy to prepare them for privatisation. He insisted they would not be placed under state control.

The BVS's plans are supported by Bonn, which is considering extending DM500m of fresh subsidies to the two east German shipyards, despite earlier statements it would not support the Bremer Vulkan group. These subsidies would be in addition to the DM1.2bn of state-backed investments allocated by the Treuhand to the region's shipping sector since 1991.

The government is apparently concerned about social and political repercussions if the MTW and VWS shipyards collapse. The state of Mecklenburg-Vorpommern has an unemployment rate of 20 per cent, the highest in Germany.

## Lisbon's catalyst for change bows out



Mário Soares: plans to indulge a passion for writing

President Mário Soares, the leading protagonist in Portugal's passage from dictatorship to democracy, bows out of politics today when he hands over to Mr Jorge Sampaio, a fellow socialist.

At 71, he is stepping down at the peak of his popularity. An opinion poll this week indicated that almost 80 per cent of Portuguese think Mr Soares was the best president they have had.

"The enormous sigh I'll breathe when I step down will be one of relief," he says. "The sigh I saw Portuguese ambassadors breathe as I boarded the plane home after presidential visits abroad - the sigh that says it's over and, thankfully, nothing has gone tremendously wrong."

No other figure is as representative of a Portugal that has evolved peacefully from torpid dictatorship to a lively European democracy. A speaker equally at home embarrassing hecklers or charming royalty, Mr Soares used his last television address as president to tell the nation it was time to say "basta" to politics.

"There is a time to be at the centre of the stage and another to fade into the background. I plan to indulge a passion for writing that I have been putting off all my life and address

the big questions of tomorrow. I need to head in a new direction and leave everyday politics behind."

Despite his carefree air, nothing has been particularly easy for Mr Soares. He spent 32 years in opposition to the authoritarian rule of António de Oliveira Salazar and then Marcelo Caetano before a left-wing military coup overthrew the regime in 1974 and brought him to the forefront of a country in turmoil.

### Peter Wise on Portugal's President Mário Soares, who forgave and forgot

"I was imprisoned 12 times, tried three times, deported to São Tomé (one of Portugal's former African colonies) for a year and spent four years in exile in France."

He never advocated retribution against the dictatorship. "I was always against judging the old regime. Portugal needed to forgive, forget and move on. I would not enjoy the popularity that I do if it were not for this policy of tolerance."

Mr Soares was almost 50 when the collapse of the regime brought him into government. He was in no less danger in the aftermath of the

coup, when he successfully led the democratic opposition to a bid for power by pro-Soviet communists and hard-line radicals.

"There was a real threat that Portugal would become the Cuba of Europe and people feared I could become the Kennedy of the Portuguese revolution. I was warned that I would be killed. Kissinger offered me the safety of a professorship at a American university." He did not accept it.

known as a bon vivant who enjoys the best in food, wine and cigars and buys modern paintings.

His candid style and abhorrence of monetarist economics led to tensions with Mr António Cavaco Silva, the former conservative prime minister. But despite their contrasting styles, they succeeded in cohabiting for a decade as president and premier. Mr Cavaco Silva gave way to a Socialist prime minister, Mr António Guterres, in November.

Today Mr Soares is concerned that the future of Europe will be dominated by "grey, technocratic leaders" who rarely rise above day-to-day issues, instead of assuming their responsibility to offer a vision of the future. "Europe today runs the risk of becoming a merely monetary union," more bent on meeting economic convergence criteria, he says, than tackling the social problems he would like a "united states of Europe" to address.

"People today sit in front of their television sets and feel overwhelmed by the calamities that flood into their homes. But I am not a pessimist or a cynic. The world is rediscovering that the best way forward is the defence of the values like freedom, solidarity and justice that I have fought for all my life."

## Jobs initiative fails to find common ground

By Wolfgang Münchau in Frankfurt

The Alliance for Jobs initiative to tackle Germany's mounting unemployment appears to have been stillborn. German metal industry employers have warned that they will not commit themselves to a deal with the IG Metal trade union for 330,000 new jobs in exchange for wage moderation.

Mr Klaus Zwickel, who, as president of the IG Metal metalworkers' union, came up with the initiative, yesterday attacked employers and warned that "moderate wage deals with IG Metal will happen only if new jobs are created".

The logjam in the talks is the latest setback in Germany's fight against unemployment, which reached another post-war high this week with 4.3m people out of work, equivalent to 11.1 per cent of the workforce.

After three failed rounds of official talks, it has become clear that while both sides still talk about the Alliance for Jobs they mean different things. For Mr Zwickel, who proposed the idea at the trade union congress last year, the alliance means an inflation-only wage round in 1997 in exchange for a commitment by employers to create 330,000 jobs by the end of 1998. An industry-wide overtime ban would encourage companies to hire more workers.

For the employers, overtime is not the issue. "We cannot lead a successful campaign against unemployment by fumbling with overtime and part-time work," said Mr Werner Stumpf, president-elect of Gesamtmetall, the metal employers' federation. "What we need is a 20 per cent cut in wage costs because our wage costs are 20 per cent higher than those of our competitors in other industrialised countries."

An overtime ban "does not lead to a cut in wage costs. On

the contrary, it means a limitation of the ability by industry to react quickly. I don't think anyone really believes that such a ban would have any impact on the 4.3m unemployed," Mr Stumpf said.

Mr Hans Peter Stihl, president of the German Chambers of Industry and Commerce, went as far as referring to an overtime ban as a "causus bellum".

Mr Stumpf also proposed radical labour market reforms, such as the introduction of Saturday and Sunday work and longer hours if necessary.

One of the most controversial aspects of Mr Zwickel's proposal is the demand that employers deliver their part of the bargain first - by creating 110,000 new jobs this year - before the union agrees to an inflation-only wage deal. The employers call this a cynical ploy, because last year's wage rise has added 11 per cent to the average salary bill in 1995 and 1996, apart from the 5 per cent increase in costs as a result of the D-Mark's rise last year. Rather than hiring 100,000 more workers this year, employers say they will fire that amount unless costs fall substantially.

The third party in this deal is the German government. Never one to ignore public sentiment, Chancellor Helmut Kohl recently discovered unemployment as a central political issue and put his weight behind the Alliance for Jobs. But he has studiously kept out of the current dispute, avoiding alignment with either side.

The German public, like Mr Kohl, still bankers for a jobs scheme that stays within the country's trusted and familiar framework of consensus politics. But such a solution appears increasingly remote. As a last resort, Germans are waiting in the hope that economic recovery, which forecasters are promising for the second half of the year, will do the trick.

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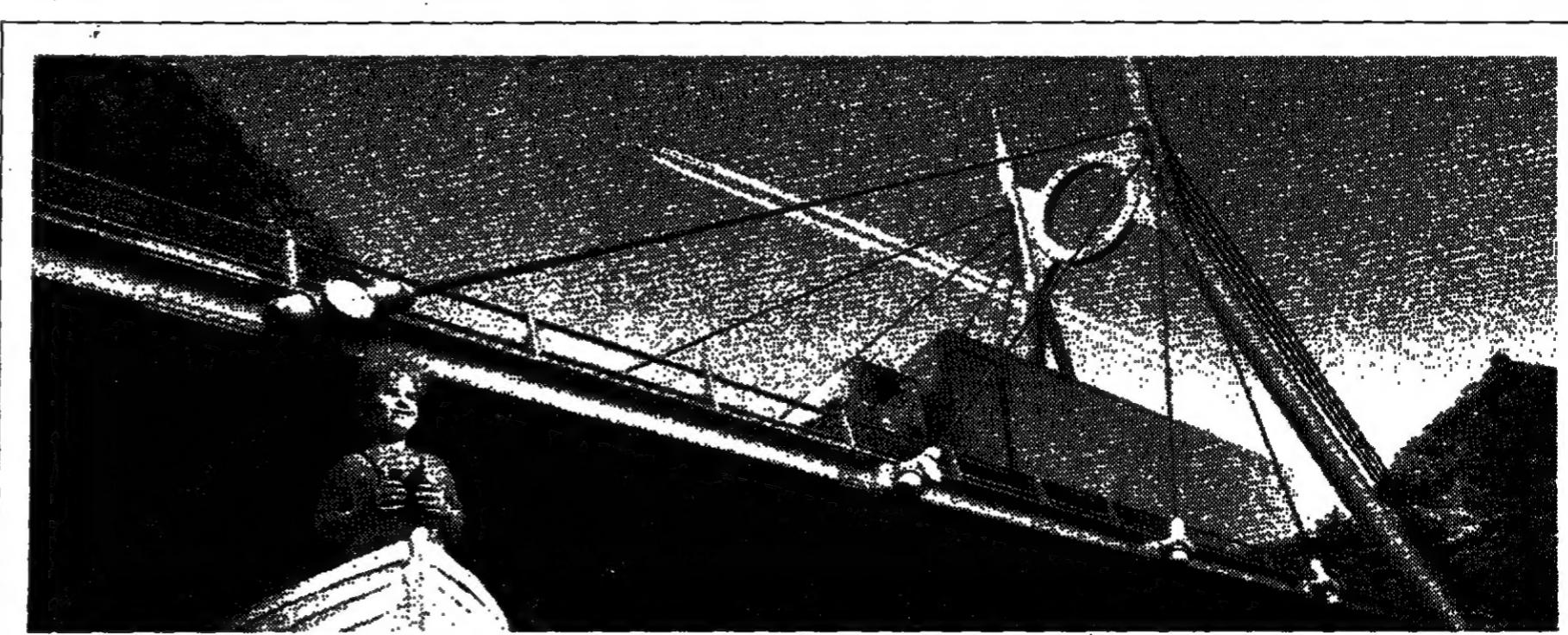
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## NEWS: ASIA-PACIFIC

# China's old guard rattle their sabres

By Tony Walker in Beijing

China's test firing yesterday of missiles into waters perilously close to Taiwan has raised the stakes considerably over Taiwanese moves towards independence, according to defence attachés based in Beijing.

The missile tests, along with a large exercise in the Taiwan Strait involving China's three services and about 150,000

men, also underlined China's military sophistication, the defence experts said.

But they warned that China risked overdoing its resort to military action to intimidate Taiwanese voters ahead of the presidential election on March 23. "It is like painting yourself into a corner," said one diplomat. "Once you set out to make a military gesture it is difficult to back down."

"What they should really worry about is that the independence seekers, with support from some international forces bent on splitting China, continue on their wrong path. That will be a real disaster."

President Jiang Zemin vowed that China would not relent in its efforts to bring about a reunification of Taiwan and the mainland. "Our struggle will not stop so

long as Taiwan authorities do not cease activities to split the motherland for a single day," Mr Jiang said.

China regards Taiwan as a renegade province and has refused to renounce the use of force to bring about reunification. Military leaders also

warned that one of the aims of increased defence capability was to add weight to China's reunification claims.

General Chi Haotian, defence minister, said China's military "must build up its strength and at all times be prepared to take responsibility for the unity of national territory and national reunification."

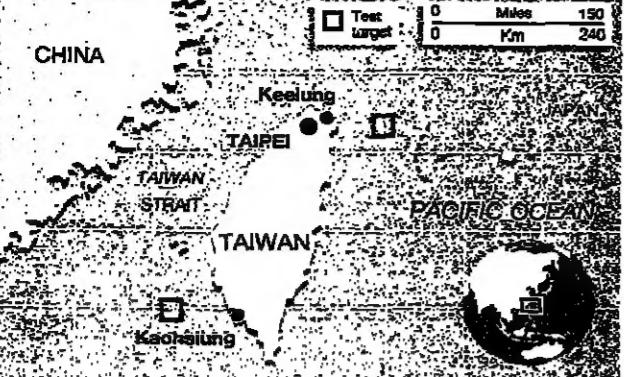
Chances of a breakthrough promises.

Airlines report that flights out are busier than usual and hotels say some foreigners are cutting short their trips. There has been a run on dollar bank notes — exhausting the holdings of most large institutions.

There have also been occasional reports of food hoarding, though observation of the Sung Chin supermarket in the northern Taipei suburb of Tien Mu suggests there was more of a run on disposable nappies than on rice, a sign that some aspects of affluent middle

class life carry on regardless. Some, like Mr Chen, blame the government for putting the idea of hoarding into people's minds. It announced on Thursday that Taiwan has enough rice stored for seven months, so a few people have decided to follow its example. Similarly, the central bank's insistence that it will defend the currency has sparked concern about devaluation. Taiwanese banks have been buying dollar bills because they fear the authorities will close the banks in a crisis. Then cash will be king.

"I'm not afraid, but one of my friends bought \$20,000 in cash and some of my friends are thinking of buying gold," said Ms Shih Mei-hui, a teacher.



## Panicky Taipei runs out of dollar bills

By Peter Montagnon and Laura Tyson in Taipei

Mr Frank Chen, a Taipei-based transport industry executive went to Hong Kong for the day on a business trip on Thursday. On the way out, the plane was full of people, many of them overseas business, glad to be leaving Taiwan before China's missile tests.

The way back it was full of Taiwanese who had been working in mainland China. They were glad, he says, to be coming back to civilisation regardless of what the tests

might bring. Such is the brawn with which Taiwan is facing its latest challenge.

Nonetheless, Mr Chen admits to being disconcerted by the speed with which China launched its first test yesterday morning. "This time they are serious, not like the last two tests," he says.

While the predominant mood remains defiant, there is also an air of nervousness, not so much because people expect an attack soon, but more because of the way the relationship with China has deteriorated and the uncertainty

Taihsin International, a small private bank, sold \$200,000 in banknotes alone at one branch in central Taipei on Thursday. Yesterday, its banking hall was empty because there was no currency left, though queues were still forming at Citibank across the road. The central bank is organising an airlift of more dollar bills.

"I'm not afraid, but one of my friends bought \$20,000 in cash and some of my friends are thinking of buying gold," said Ms Shih Mei-hui, a teacher.

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## NEWS: INTERNATIONAL

# Buchanan and Forbes reject Dole call to give up

By Jurek Martin in Washington

Mr Bob Dole, fresh from another sweeping primary election victory in New York on Thursday, yesterday called on his remaining rivals for the Republican presidential nomination to withdraw in the interests of party unity.

But neither Mr Steve Forbes nor Mr Pat Buchanan, second and third respectively in New York, accepted the invitation. Ms Bay Buchanan,

the conservative pundit's sister and campaign manager, even suggested that the nomination of the majority leader would "give real life to the idea of a third party".

Mr Buchanan himself, campaigning in Tennessee and Louisiana, two of the seven states holding primaries on Super Tuesday next week, said: "What we need is one victory and we'll crack this thing wide open."

Both he and Mr Forbes, the magazine publisher, complained once

again that the New York primary had been rigged to favour Mr Dole by its biggest state booster, Senator Al D'Amato, and was therefore not a fair test.

A federal court order had eventually placed Mr Forbes's name on all ballots but Mr Buchanan's only appeared in 28 of the 32 New York congressional districts. Yesterday, Mr Buchanan declared that "Tito" is dead and so soon will be D'Amato.

In the event, Mr Dole won about 54 per cent of the popular vote, Mr Forbes 30 per cent and Mr Buchanan 14 per cent. The majority leader took all 93 delegates at stake on Thursday and will pick up another nine to be awarded later.

The Associated Press count gives him 382 of the 386 needed for the nomination, well ahead of Mr Forbes with 73 and Mr Buchanan on 62. A further 362 delegates will be won on Tuesday, with Texas and Florida the

biggest prizes. Local polls in both favour Mr Dole.

Mr Ross Perot, the independent candidate of 1992, denied that Mr Buchanan or Mr Forbes could bid for his support. In the Washington Post yesterday, the Texas billionaire said

Mr Buchanan's protectionist message "is not mine" and he scoffed at Mr Forbes's credentials as a chief executive, saying: "I didn't inherit my business, did I?"

Mr Dole, in Florida, said Mr Buch-

anan was merely "a spoiler" now, but conceded that he posed a threat to needed party unity in the November elections. "If he wants Bill Clinton for four more years, he can have him."

He slightly spoiled the New York victory party when a microphone connected to his satellite feed from Florida, broadcast him privately grumbling to his wife about the length of Mr D'Amato's speech.

Twin pillars of old politics, Page 10

## Polls stay open for eager Iranians

By Robin Allen, recently in Tehran

Despite an almost complete absence of public debate and only one week of "campaigning", there was a mass turnout in the first round of Iran's parliamentary elections yesterday. Polling stations were kept open longer than scheduled to cope with the numbers.

More than 32m people over the age of 15 were entitled to vote for 270 seats in Iran's majlis (parliament). An overwhelming turnout had been encouraged by leading members of Iran's clerical establishment.

But political commentators were also attributing the turnout to widespread economic dissatisfaction. They pointed to heavy unemployment, an ossified bureaucracy and corruption, not least among the state foundations which dominate the domestic economy. Voters may have also been expressing discontent with the economic irrelevance of the clergy and soaring inflation, estimated by some at over 80 per cent.

Although political parties are allowed under the Islamic republic's constitution, they are banned in practice by the regime. The contest is generally seen as one between two rightwing groups, one entrenched conservative and the other made up of younger economic reformers.

The first, traditional conservative group, is the JRM (Assembly of Combatant Clergy), which had a majority of 150-160 in the outgoing majlis.

The reformers are represented by a new faction, the Servants of Construction, or G-16 (from the number which made up the original group). They include Mr Mohsen Nourbakhsh, the central bank governor, and Mr Ghahmosseini Karbaschi, Tehran's controversial mayor as well as other government officials.

Results of the first round are expected today. The run-off is to be held in a fortnight.

## Mexico City finds the well is running dry

As the aquifer vanishes, citizens may have to start paying for what they use, reports Leslie Crawford

**B**eneath Mexico City's choking skies an unseen but far more sinister environmental disaster is waiting to happen.

The main source of water for 20m people - an aquifer which lies below the sprawling city - is running dry. Mexico City is sinking at the rate of 50cm a decade as a result of the falling water levels, exacerbating the city's natural propensity to flood.

Furthermore, scientists have begun to detect dangerous cracks in the clay sediments of the valley, which threaten to contaminate the aquifer, which lies only 100 metres below.

"Mexico City's most pressing problem is not the smog, but the scarcity of water," says Mr Alfonso Martinez Baca, head of Mexico City's water authority. "We face the prospect of either dying of thirst, or drowning in our own sewage."

The capital consumes 82 cm<sup>3</sup> of water a second. Two-thirds of this is extracted from the aquifer. The rest - 19 tonnes of water a second - must be pumped from dams 120km away and up a steep 1,000m gradient to reach the metropolis. The electricity required to pump the water is equivalent to what a medium-sized town uses in a day.

Mexico City's insatiable demand for water has brought it into conflict with adjoining

states. They accuse the capital of rationing what they can use for irrigation, and then plundering what it has stolen. Even the most conservative studies estimate Mexico City loses more than 30 per cent of its water supply through leakages and theft.

Mr Martinez believes the metropolis must start saving water. But the two obvious solutions have proved to be the most difficult to put into practice. Plans to meter and charge residents for the real cost of the water they consume have been repeatedly delayed because of the likely political backlash. At present about half the capital's inhabitants do not pay for their water, while the rest pay a flat tariff based on meters read only once every three years. Mr Martinez's water authority runs an operating deficit of about \$400m a year. And without proper revenues, he cannot finance the repair and maintenance of the network.

No one has been more aware of, and more frustrated by, Mexico City's looming water crisis than the four companies - two French and two British - that have been given the task of overhauling the system. Lyonnaise des Eaux, Compagnie Générale des Eaux, Severn Trent and North West Water Group, together with their respective Mexican partners,

have been given the task of overhauling the system.

Lyonnaise des Eaux, Compagnie Générale des Eaux, Severn Trent and North West Water Group, together with their respective Mexican partners,



Insatiable demand: A boy collects water from a standpipe in Mexico City

before the company recovers its initial \$20m investment in the Mexican venture.

**A**fter the contracts were awarded in 1993, the four companies had to wait a year before the government began commissioning work. Since then the tasks of installing new water meters in every household and mapping out the water network have been a stop-go affair, depending on the trickle of funds from the water authority's budget.

The main task of repairing the network to stem water losses has not even begun.

Lyonnaise des Eaux has

coped with the intermittent nature of the project by cutting overheads and sub-contracting most of the work.

Mr Jean-François Druz, Lyonnaise's representative in Mexico, says his company would much rather have gone to work in Mexico City with a comprehensive writ to manage the entire water system rather than the piecemeal services it now provides.

"We have no investment commitments in Mexico, whereas in Buenos Aires, where we were awarded a 30-year concession to run the water system, we are investing \$4bn to improve services," Mr Martinez says, "but the popular outcry will be enormous. Peo-

ples are already suffering great hardships because of the recession. Politicians face elections next year. The timing to put it mildly, is not ideal."

But the city needs much more than mere maintenance services. Mr Martinez says alternative sources of water must be found to replace the depleted aquifer. The capital also needs to build at least four new sewage treatment and water recycling plants.

There are no plans to start work on these projects soon. Mr Martinez needs \$1bn to carry them out, and Mexico's cash-strapped government cannot finance them.

# International financial news from a European perspective.

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The Financial Times plans to publish a Survey on Uruguay on Friday, May 24.

FT Surveys

## NEWS: UK

# First details of costs are sent to Names

By Ralph Atkins,  
Insurance Correspondent

Lloyd's of London last night despatched to 34,000 Names first details of the cost they can expect to pay towards resolving their own financial affairs and the insurance market's future.

Mr David Rowland, chairman, warned that without a deal with the Names, Lloyd's could collapse. The package was "immeasurably better" than any alternative.

However, lossmaking and litigating investors, or Names, who have borne the brunt of more than £2bn (£12.2bn) in losses reported in recent years, stepped up calls for an increase in an out-of-court offer worth a total of £2.8bn.

Yesterday's "indicative final"

ity statements" set out losses incurred by Names; the cost of transferring liabilities outstanding on policies sold before 1993 to a new company called Equitas, and the allocation of the £2.8bn offer. Statements were sent worldwide, excluding California where legal

agents and the insurance market's future.

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Yesterday's "indicative final"

what you will be expected to pay this summer.

If you took out a stop-loss policy, the next line explains how much of your liability it is likely to cover. And for you the relevant figure is the "Total estimated (cost)/surplus of finality". If you still have funds in Lloyd's, the next line

Lloyd's has set up a helpline to assist Names. It will be open from 0900 to 2200 GMT on weekdays from March 11 to April 29 inclusive. The freephone numbers will be:

- US: 1800 4141023
- Australia: 1800 127463
- Canada: 1800 8895188
- New Zealand: 0800 441556
- South Africa: 0800 998162

Calls from other countries will not be free phone and will require UK prefix and then: 01634 8149432.

shows the total. And the "Estimated (cost)/surplus of finality after funds at Lloyd's" tells you how much extra, if anything, you would have to pay if you chose to use those funds to meet some or all of your finality bill - and are not involved in later years.

■ Do not assume "finality" means that, by paying up, you will be let off the hook for

main "errors and omissions" insurers, which provided Lloyd's agents with protection against legal awards. That suggested the £30m expected from those who would pay court damages should be met comfortably. Extra funds from auditors, brokers, Lloyd's agents and bank loans would push the total above £3bn.

Revised individual figures will be sent in May and approval sought in June and July. Names' maximum payments should not exceed £100,000 once deposits at Lloyd's have been exhausted.

Early signs suggested many statements include errors. But Lloyd's reckons 98 per cent of bills will be within £15,000 of final figures.

An increase in the £2.8bn seems likely. Already £785m has been secured from the

good. Even if Equitas goes ahead - and the scheme could collapse - finality gives names full protection from their liabilities only if Equitas remains solvent. If it were to collapse, policyholders would - at least in theory - be able to press their claims against the individual names who insured the risks originally.

■ Names who reckon they have no hope of meeting the demands on them, and plan to apply for extra financial help, need to act speedily. Lloyd's warns that resources are limited and applicants will be treated on a first come, first served basis. April 27 is the deadline.

This does not mean that everybody who applies for "Tranche 4 money" will get it. Applicants will be means-tested by Lloyd's. And if it reckons the applicant could pay if the liability were spread over, say, five years, s/he could be pushed towards instalments.

■ Taxation is an area where expert advice tailored to your individual circumstances is essential.

Advice provided by Smith & Williamson and Binder Hamlyn

The economy: Bank base rates down 1/4 point to 6%

## Interest rates are cut for third time in four months

By Robert Chote,  
Economics Editor

Mr Kenneth Clarke, the chancellor of the exchequer, had backed the decision when they met on Thursday. But analysts said the Bank was unlikely to have objected after its inflation report last month had said the chancellor was back on course to hit his target.

The size and timing of the cut had been widely expected in the City, but financial markets still reacted nervously. They fear the economy over recent months.

The chancellor said he had cut rates because inflationary pressures were continuing to ease and because the economy was growing at less than its long-term trend rate. Industry's raw material and labour costs were subdued, he added.

In these circumstances I am confident that this further 1/4 per cent cut in interest rates is sensible, and that my target of inflation at 2% per cent or less will be met," Mr Clarke said.

The Bank of England (the

UK central bank) would not say whether Mr Eddie George, its governor, had backed the chancellor's decision when they met on Thursday. But analysts said the Bank was unlikely to have objected after its inflation report last month had said the chancellor was back on course to hit his target.

However, Mr Ian Shepherdson of gilt-edged market marker HSBC Greenwell, said the base rate cuts since December had been "an inadequate response to the alarming weakening in the UK economy over recent months". He predicted that rates might therefore be cut to as little as 5 per cent later this year.

Mr Kevin Gardiner, at investment bank Morgan Stanley, said rising expectations of inflation in the gilts market showed that dealers were becoming increasingly sceptical about Mr Clarke's commitment to his inflation target.

### UK NEWS DIGEST

## Minister firm on Emu referendum

Mr Kenneth Clarke, the chancellor of the exchequer, signalled that he and other cabinet members had not given up their fight to end a government commitment to a referendum about adopting a European currency. Mr Clarke said a decision on such a manifesto pledge was still several weeks away and nothing had been decided. His remarks contrasted with those of Mr John Major, the prime minister, who told the House of Commons on Thursday he had "made it clear on previous occasions" that "a referendum on joining a single currency could be a necessary step". This was widely seen as Mr Major's strongest indication yet that he was prepared to accede to the wishes of the Eurosceptic camp in his cabinet for a referendum.

However, Mr Clarke, who is understood to be considering threatening resignation over the issue, said: "We did not decide anything on this. We agreed to come back to it in a few weeks' time." Mr Major told MPs a decision would follow a review to be carried out by Mr Malcolm Rifkind, foreign secretary. Senior members of the government hope that Mr Major's review will find a way of allaying their concerns. A minister said that the move was designed to bring them into line. A close colleague of Mr Clarke made clear he was prepared to face a showdown over the issue. "He's not giving in. He's just as opposed to it as he ever was, and he's not alone in cabinet." Pressure on the prime minister to clarify his position has intensified with the prospect of rival candidates fielded by Sir James Goldsmith's Referendum party. Sir James said he was in a position to fight 40 candidates at the next general election.

John Kampfner, Westminster

### More rail assets sold

British Rail, the national network, agreed the sale of two more of its 13 track renewal and maintenance companies, bringing to five the total privatised. One more is expected to be sold next week. Central Infrastructure Maintenance Company, the largest of the 13, has been bought by GT Railway Maintenance, a joint venture between GEC Alsthom and Tarmac Construction, for £18.8m (£28.8m). CIMCo employs 3,900 people and has turnover of nearly £160m.

The second deal was for the sale of £15m of Western Infrastructure Maintenance (WIMU) to Amey Railways, a joint venture between Amey and Western's management team. Amey employs more than 2,500 people and has turnover of about £110m. Amey will have a 75 per cent stake in the joint venture with WIMU's management holding 25 per cent. Amey will be responsible for maintaining 3,675 kms of track from Paddington Station in London to south-west England and south and central Wales. It said that some £10m was expected to be spent by Railtrack over the next decade maintaining and improving the national rail network. Railtrack is the state-owned infrastructure company which is soon to be privatised.

WIMU had a £300m order book, spread over five years, and was in strong position to win repeat business as individual contracts ran out, said Amey. CIMCo is the second infrastructure company to be acquired by Tarmac and follows last week's purchase of Central Track Renewals for £2.9m. The sale of Eastern Track Renewals, the sixth company to move into the private sector, to its management for about £15m is expected to be concluded next week. The track renewal and maintenance companies represent one of the largest parts of the railway industry still to be sold.

Charles Batchelor and Andrew Taylor

### Skye protesters rebuffed

People who have refused to pay tolls on the privately-funded bridge from the Scottish mainland to the Isle of Skye suffered a defeat when the tolls were judged by a sheriff to be lawful. Last week Mr Neil Murray, advocate for 180 people charged with non-payment of the £4.30 (£6.50), told, argued that the government had acted beyond its powers in introducing the toll order in 1992, and that the tolls were contrary to the 1707 Treaty of Union between England and Scotland. But Sheriff Fraser ruled in favour of the Crown in test cases against three of the accused, and refused the defence immediate right to appeal. The trials of people accused of non-payment will take place in April and May.

James Buzzin, Edinburgh

### Graduate recruitment up

#### Demand for graduates

% change, 1995-96



Financial sector employers intend to cut their graduate recruitment this year, unlike virtually any other sector, says a survey by the PA Consulting Group. The consultants said the fall was usually due to a shift in recruitment strategy rather than an overall contraction. Other sectors were far more buoyant, with chemicals companies planning to raise recruitment by more than 20 per cent. The findings are part of a broader shift in the way companies recruit graduates. Employers are using self-assessment questionnaires to eliminate unsuitable candidates, and also to help potential recruits decide whether they would really fit in. A separate survey by the Cranfield School of Management also found significant changes in graduates' career development once recruited.

Graduates were now increasingly employed immediately in "real" jobs rather than being sent on training schemes.

John Authors, Public Policy Staff

Hares dwindle: A survey of the brown hare indicates that numbers have dropped from about 400 at the beginning of the century to an estimated 80,000. The survey was commissioned by the Joint Nature Conservation Committee and carried out by Bristol University with the help of 500 volunteers. The committee blames the steep decline on changes in the rural landscape and farming practices rather than hunting and shooting. Brown hares are thought to have been introduced to Britain by the Romans.

### Drop of 13.4% reverses steady rise in truck sales

By John Griffiths in London

Sales of new trucks fell sharply in February in the first significant reverse for many months. The decline provided a further warning to the government of possible economic slowdown.

Buying patterns in commercial vehicles, purchased wholly for business use, are regarded as a good indicator of economic activity. Statistics from the Society of Motor Manufacturers and Traders show that registrations of heavy trucks - those over 15 tonnes - fell by 13.4 per cent in February compared with the comparable month of 1995 to 2,311 vehicles.

Registrations had been rising

virtually unchecked for more than a year before that, and the sharpness of the downturn has triggered industry fears that the market may go into reverse for the year as a whole.

At the end of last year most truckmakers had been predicting modest growth for the whole of 1996.

The downturn was felt last month throughout the truck sector, although the market for light vans and panel vans remained marginally above year-ago levels. The society's figures show that registrations of all trucks over 3.5 tonnes fell by 12.1 per cent last month compared with February 1995 to 3,662 vehicles. This left registrations in the sector for the

### Truck registrations Jan-Feb 1996

	Total	Volvo	Mercedes-Benz	DAF	Ford	MAN	Scania	Other
<i>Total</i>								
Units	7,918	1,562	1,000	1,000	1,000	1,000	1,000	1,000
Value	£304	£27	£10	£10	£10	£10	£10	£10
% change	-27	-10	-10	-10	-10	-10	-10	-10
<i>Heavy Trucks over 3.5 tonnes</i>								
Units	5,223	1,023	712	712	712	712	712	712
Value	£118	£10	£10	£10	£10	£10	£10	£10
% change	-30	-10	-10	-10	-10	-10	-10	-10
<i>Light vans and panel vans</i>								
Units	1,554	1,022	1,022	1,022	1,022	1,022	1,022	1,022
Value	£767	£13	£13	£13	£13	£13	£13	£13
% change	-10	-10	-10	-10	-10	-10	-10	-10
<i>Panel vans</i>								
Units	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023
Value	£536	£13	£13	£13	£13	£13	£13	£13
% change	-10	-10	-10	-10	-10	-10	-10	-10
<i>Other</i>								
Units	274	105	105	105	105	105	105	105
Value	£10	£10	£10	£10	£10	£10	£10	£10
% change	-10	-10	-10	-10	-10	-10	-10	-10

Source: JNCC, January 1996

Includes road, rail and air freight vehicles

Includes head, front and side airbags

Source: Society of Motor Manufacturers

## Havas denies CLT charge of 'betrayal'

By Andrew Jack in Paris and Raymond Snoddy in London

Havas, the French media group, yesterday fought back against accusations by Compagnie Luxembourgeoise de Télédiffusion that it had "betrayed" the company in favour of an alliance with Canal Plus, Bertelsmann and BSkyB to create a satellite television service in Germany.

Havas said it had proposed "a technological and strategic alliance... notably in Germany" with Bertelsmann, Canal Plus and CLT in December last year, but that the terms had been rejected by CLT.

Its comments come after Mr Michel Delysse, managing director of CLT, said in an interview in *Le Monde*, the French newspaper, on Thursday that his company had been "betrayed" by Havas' decision to side with BSkyB in the rival partnership.

As the row following the new deal deepened, Mr Jean-Claude Juncker, the prime minister of Luxembourg, told the Agence France Presse news agency of his "complete astonishment" at the arrangement, and said he had expressed his feelings to the French government.

Havas, which owns 20.2 per cent of CLT, said the "door was not closed" for future co-operation on future alliances with the Luxembourg-based group, and said that it had no intention.

## Regal's revamped bid wins chain

By David Blackwell

Regal Hotel Group has reached agreement to buy 50 hotels from the White Hart chain which Granada acquired as part of its £35m takeover of Forte in January.

The price was not disclosed, but is understood to be close to the £12m which Regal initially agreed to pay Forte for 67 of the 72 hotels.

Granada, the TV and leisure group, said it had not wished to inherit the Forte contract and would have been happy to retain the hotels. It had agreed a sale after Regal had restructured its offer.

However, Granada has retained the right to withdraw if Regal cannot secure the necessary financing. Mr Charles Vere Nicoll, chief executive of Regal, said yesterday that bankers and institutions had shown a high level of confidence in the deal.

He described the negotiations, which ended late on Thursday night, as "very keen".

The acquisition will quadrup-

le to the size of Regal, founded in 1983 with three hotels, and Mr Vere Nicoll said the financing would be a sensible balance between debt and equity.

This is Granada's first disposal of Forte assets since the takeover. It appears to have improved the original terms by retaining several hotels that can be fitted in with other brands such as Posthouse.

Granada is planning to make much larger disposals in the shape of the Exclusive and Meridian chains.

Regal yesterday reported pre-tax profits up from £733,000 to £2.9m for 1995, on sales ahead from £7.73m to £11.1m, including 2.7m from acquisitions.

Analysts expect Nintendo's new machine to be a success when eventually it reaches the shops. However, Sony's and Sega's success with their 32-bit machines, and the growing encroachment into the video games market by personal computers, have denting Nintendo's once unchallenged dominance of the market.

The company will urge shareholders to reject Rantokil's cash and paper offer, arguing that it fails to reflect BET's potential value following its aggressive restructuring and debt reduction programme.

Meanwhile, development of sophisticated software to match the increased processing power of the Nintendo 64 has been slower than expected.

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## COMPANY NEWS: UK

# SBC Warburg loses roles in Halifax flotation

By Alison Smith,  
Investment Correspondent

SBC Warburg, the investment bank, has lost its role as corporate finance adviser and lead broker in the planned conversion and flotation of Halifax Building Society, the UK's largest mortgage lender.

The deal, on which Halifax will now be advised by Deutsche Morgan Grenfell, and for which Merrill Lynch will be the lead broker, will be the largest single extension of share ownership in the UK.

Almost 10m Halifax savers and borrowers will be eligible for free shares when the society floats in the summer of next year.

The conversion is probably the biggest and most prestigious piece of work lost by Warburg since SG Warburg was taken over by Swiss Bank Corporation last year. It will cost the bank several millions of pounds in fees.

Although Warburg did not lose a number of clients in the immediate aftermath of the deal, several indicated that they would be waiting to see how

the merger worked out, and expressed some anxiety about whether personal relationships at senior levels would be maintained.

Halifax said its decision "arises out of the management of the relationship and following a potential conflict of interest". The role of the potential conflict does not seem to have been a significant factor in the ending of the relationship. Instead, those close to the deal said that while Halifax had been happy with the day-to-day work undertaken by Warburg, there had been growing concern at senior levels

in the society over recent months that there was no longer a solid relationship with the bank.

Among senior Warburg personnel dealing with Halifax, Mr Anthony Holton, a Warburg director, had moved to another role in the bank, while Mr Anthony Brooke had moved to BZW, and Mr Derek Higgs, Warburg managing director, is to be head of Prudential Portfolio Managers, Britain's biggest institutional investor.

"Halifax was still told by Warburg that they wanted to keep stable senior relationships, but because of

departures it was very difficult for them to do so," was the dry comment of one involved in the flotation.

Mr David Gilchrist, Halifax corporate affairs director, yesterday emphasised that the change would not affect the planned timetable of a meeting for members to vote on conversion in spring next year and flotation in the summer.

Warburg said that it was "disappointed" and added that it was still working with Halifax on other transactions.

See Lex

## Reed Elsevier drops sale of consumer book division

By Alice Rawsthorn

Reed Elsevier, the Anglo-Dutch information group, has taken Reed Consumer Books, its book publishing business, off the market after failing to secure a satisfactory price.

Reed received a number of offers for the division, but none close to the £250m it is believed to have set as its initial target.

The two most recent bidders for Reed Consumer Books are believed to have valued the business at less than £100m.

Virgin, Mr Richard Branson's leisure group, held unsuccessful talks with Reed this winter. Electra, the venture capital concern, then began negotiations which also

collapsed.

The consumer books division, which is one of the UK's largest book publishers with imprints including Hamlyn, Heinemann, Methuen and Secker & Warburg, was put up for sale last July with other subsidiaries.

Reed was forced to substantially reduce its expectations of the deal after the collapse of the net book agreement last September. There have been many changes in the book trade stemming from the demise of the agreement, a century-old pact that prevented retailers from cutting the price of new books.

The group, which is expected on Wednesday to announce pre-tax profits growth of about

18 per cent to at least £715m for 1995, said yesterday it intended to sell consumer books "in due course".

However, it will wait until the company's financial performance has improved and it has returned "towards former levels of profitability". Reed's aim has been to sell businesses concerned with consumer publishing to concentrate on its more profitable interests in specialist publishing and online information. It has already made disposals totaling £75m, the £265m sale of its UK regional newspaper business to a management buy-out team backed by Kohlberg Kravis Roberts, the US financial group, was completed recently.

Reed's move did not signal any disagreement with the plan, of which Mr Greener had been an active supporter.

"George, having set it up, agreed that it was the right

## Chairman resigns from BAT financial services

By Alison Smith,  
Investment Correspondent

Mr George Greener yesterday resigned by mutual agreement as chairman of the UK financial services businesses of BAT Industries, the tobacco and financial services group.

His departure has triggered senior management changes which appear to give some impetus to the plans announced earlier this week to introduce greater cohesion into the group's UK finance operations.

BAT said the move did not signal any disagreement with the plan, of which Mr Greener had been an active supporter.

"George, having set it up,

time to pass it on," it said. "It's the difference between seeing the direction you want it to go in, and actually getting there."

The aim is to improve the way BAT supports its three UK brands: Allied Dunbar and Eagle Star, both insurers, and Threadneedle Asset Management.

Mr Sandy Leitch, chief executive of Allied Dunbar, is to succeed Mr Greener as chief executive of BAT UK financial services.

Mr Steve Melcher, currently chief executive of Eagle Star's European Union business, will become chief executive of Allied Dunbar.

Significantly, Eagle Star's life assurance operations will continue to report to his departure.

Melcher, leaving the way clear for finding common support services for all the group's UK life assurance activities.

In time, this might lead to clarifying the role of the brands in different parts of the market.

For example, Allied Dunbar might be the sole brand for BAT to sell through a direct sales force, while Eagle Star might be the brand for selling through independent advisers and brokers.

Clive Coates, Eagle Star's finance director, will become chief executive of its general insurance business.

Mr Greener was on a two-year rolling contract, and will receive some compensation for his departure.

### NEWS DIGEST

## Ennemix hits out at Redland

Ennemix yesterday accused Redland, the large building materials conglomerate, of trying to buy "on the cheap".

It appealed to shareholders to reject Redland's offer of 32p a share, which values the company at £5.8m.

Mr Vaughan McLeod, the chief executive who announced a £55.000 pre-tax loss (£724,000 profit) in 1995, said the offer price was substantially below the company's 50p a share net asset value. He said the bid price took no account of recovery potential following cuts which are expected by analysts to reduce annual overheads by £500,000.

Beezon Gregory, the company's broker, is forecasting pre-tax profits of £400,000 in the current year.

Mr McLeod said his annual salary had been cut by 10 per cent and that of Mr Gerald Berwick, chairman, by 20 per cent as part of economy measures. Difficulty in obtaining planning permissions meant that the value of the company's aggregate consented reserves was likely to rise, he said, accusing Redland of trying to get them on the cheap.

Andrew Taylor

### UBS completes bought deal

Union Bank of Switzerland and Commerzbank got away by the skin of their teeth yesterday when they completed a DM675m (£265m) bought deal just hours before a collapse in stock markets on both sides of the Atlantic.

A bought deal is an increasingly popular stock market transaction, which involves a bank buying a block of shares using its own capital and then selling them on to investors at a profit. The bank can be left nursing heavy losses if the stock market weakens during the operation.

In this case, the block of shares was Commerzbank's 6 per cent stake in Thyssen, the German steel company. UBS and Commerzbank sold the shares yesterday morning to institutional investors in the UK, Germany and Switzerland at DM278 each, a 3.5 per cent discount to the previous day's closing price in Thyssen of DM288.

In the afternoon, Thyssen's share price fell as low as DM271 before rebounding to close at DM278. A UBS official acknowledged that the two banks had been lucky. "But the harder you practise, the luckier you get," he said. Antonia Sharpe

### Orange attracts near 100,000

Just under 100,000 private individuals have expressed interest in buying Orange Communications shares when the company is floated later this month, according to unofficial estimates.

Exact numbers will be known on Tuesday, when the prospectus is published and sent to potential investors who have completed the registration process.

About two-thirds are thought to be Orange customers, about 17 per cent of the 410,000 it now claims in the UK. The retail offer closes at 5pm on March 22 when applications and cash must be received at a branch of Lloyds Bank in London. Retail investors must be prepared to buy a minimum £1,000 of ordinary shares.

Some 162.6m of the total offering of 325m shares will be available to European investors including retail investors in the UK. The share price - expected to be in the 175p to 205p range - is presently being set by the process of bookbuilding, due for completion on March 28.

Alan Care

### Cable groups confirm talks

The US parent companies of TeleWest and Nynex CableComms were yesterday forced to confirm discussions had taken place over the UK's two biggest UK cable groups. An announcement to the Stock Exchange followed press speculation over a tie-up between the UK operations and subsequent volatile trading in Nynex CableComms shares.

TeleWest reiterated its statement, made by chief executive Mr Alan Michels at the group's results meeting on Thursday, that it knew of no talks currently taking place. Its shares fell 11p to 14p while Nynex CableComms, whose shares closed up 1p to 10p, refused to comment.

Christopher Price

### Mallett unchanged at £1.2m

Difficult trading led Mallett, the antique furniture, glass and arts works group, to report virtually unchanged pre-tax profits of £1.2m for 1995.

The company said that in common with its competitors, it found turnover at the top end of the furniture trade "very disappointing". However, profits so far in the current term were ahead of last year.

But with marginally lower earnings per share of 5.86p (5.9p) the final dividend is cut to 2.3p for an unchanged total of 3.4p. The shares dropped 8p to 71p.

### Dailywin warning hits shares

Shares in Dailywin fell 33p to 117p yesterday after it warned of disappointing sales in the first part of 1996. However, it said profit for the year to March would not be significantly different from last year's £2.26m.

It expected to recommend a gross final dividend of at least 4.5p, making a total of 7.5p.

Directors of the Hong Kong-based watch and component maker, which floated in March last year at 128p a share, have agreed not to sell any of their shares without written consent until March 31 1997.

### Malaya jumps to £2.1m

Malaya Group, the motor distributor, more than trebled pre-tax profits from £517,000 to £2.09m in 1995, on turnover of 55 per cent higher at £215.2m.

The shares, however, slipped 11p to 14p. Analysts forecasts were downgraded last October following Malaya's warning that the full year figures would be hit by higher than expected losses at its Japanese franchises and start-up costs at Big Chief, its used car operation.

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### TI link with Goulds Pumps

TI Group, the specialist engineering and aerospace equipment manufacturer, announced a strategic alliance designed to lift sales of its John Crane mechanical seals.

The company, which is expected to report pre-tax profits of about £180m (153m) next week, said it had signed an alliance with Goulds Pumps, one of the world's largest manufacturers of industrial pumps. Last year, TI sold about \$50m (232m) of pumps to US-based Goulds. Officials said this figure could now increase by up to 20 per cent.

### Allied Radio in £4.5m sale

Allied Radio, with broadcast licences covering Reigate, Crawley and Greater Manchester, yesterday agreed to a £4.5m cash offer from IRG, the AIM-listed commercial radio group, and announced pre-tax losses of more than £5m.

The offer of 3.3p a share represents a premium of about 1.5 per cent over the market price.

For the year to September 30, Allied Radio's pre-tax losses widened from £385,000 to £5.78m after losses of £4.86m in the terminated supply deal. With the shares at 13.35p yesterday, this gives a p/e of 15, a deserved premium to the market's 14.5.

Turnover was marginally ahead at £2.9m.

Losses per share fell to 4.1p (0.04p).

### LEGAL NOTICES

In the High Court of Justice, No 3009 of 1995

Chancery Division, Court of Appeal

IN THE MATTER OF

KIDDIE - GRAYTNEY LIMITED

AND IN THE MATTER OF

THE COMPANIES ACT 1986

NOTICE IS HEREBY GIVEN that a Preliminary Hearing will be held on the 11th April 1996, at the Royal Courts of Justice, Strand, London, WC2A 1LL, on the application of the above-named Company for £140,000,000 of Capital.

AND NOTICE IS HEREBY GIVEN that said Petition is directed to be heard before Sir Alan Gray, Vice-President of the Royal Courts of Justice, Strand, London, WC2A 1LL, on Wednesday 2nd April 1996.

ANY Creditor or Shareholder of the said Company is entitled to appear at the hearing.

For the avoidance of doubt, notice of an Order for the reduction of the said reduction of Capital should appear at the time of hearing in the Royal Courts of Justice, Strand, London, WC2A 1LL.

A copy of the petition may be furnished to any person requiring the same by the undersigned solicitors on payment of the usual charges for the service.

DATED 20th March 1996

J.S. Buntingford & Sons

London, EC4V 4EP, England

Tel. 0171-409 1200

Ref. R/LH

<b>THE RTZ CORPORATION PLC</b>	
NOTICE	
To Holders of Warrants to Bearer	
ORDINARY SHARES of 50p EACH	
NOTICE IS HEREBY GIVEN THAT a Foreign Investment Committee of the Board of Directors will meet on 22 April 1996 at 10am to consider the issue of 1,000,000 Ordinary Shares of 50p each at a price of £1.00 per share on the 22nd April 1996.	
Payment of £1.00 per share will be made on 22 April 1996.	
The warrant will be valid for 12 months from the date of issue.	
OFFICES OF PAYMENT	
The RTZ Corporation PLC (Formerly RTZ-CI) 100 St Georges London SW1Y 4LD	
Generale de Banque 1000 Brussels, Belgium	
Banque Internationale à Luxembourg S.A. 2 Boulevard Royal, Luxembourg	
Union Bank Corporation W/S Central Functions M/S 1000, 1000 Zurich, Switzerland	
Credit Suisse Securities Corporation, NYX/74 C4-9021, Zurich, Switzerland	
Fujitsu Inc., Chiba, Japan - Ordinary Shares of 100 each	
For shareholders resident in the UK, a 10% surcharge will be levied on the amount of the tax-free dividends paid to them.	
Conventions Dividends - Ordinary Shares of 50p each and 50% "D" Cumulative Preference Shares of 50p each	
For shareholders resident in the UK, a 10% surcharge will be levied on the amount of the tax-free dividends paid to them.	
Dividends will be paid on the basis of the number of shares held on the record date.	
Shareholders should note that under the Company's Articles of Association, preference is given to shareholders holding shares on the date of declaration.	
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**WEEK IN THE MARKETS**  
**Zinc sets trend for LME rally**

The zinc market set a trend for base metals when it hit a 10-month high early on Friday, its highest level this year, up from \$2,519 a tonne on Thursday.

The fall to a six-month low of \$2,027 a tonne on Thursday, weakened by a depressed physical market and the good availability of Chinese metal, according to the Rudolf Wolff commodities group. However, the metal joined the market rally on Friday to close at \$2,640 a tonne.

The cut in UK interest rates on Friday, by 0.25 percentage points to 6 per cent, helped gold recover some of the ground it lost earlier in the week through investment fund selling. The metal hit a two-month low of \$393.70 at Monday afternoon's fix and dipped a further 10 cents on Tuesday before climbing to \$395.25 on Friday.

Its steady recovery was due in part to the market correctly predicting the interest rate cut, according to GNI Research. Rudolf Wolff pointed out that gold's earlier weakness had enticed bargain hunters into the market. It also said traders were expecting the metal to challenge resistance at \$397 after a period of further consolidation.

Investment fund selling also affected wheat, corn and soybeans at the start of the week. Analysts were bemused by the fall in grain futures, which they said was caused by profit-taking and technical indicators rather than an improvement in forecasts for this year's harvest. Prices stabilised towards the end of the week with March wheat on the Chicago Board of Trade at \$5.13 a bushel. Corn and soybeans were stronger on Thursday at \$3.90 a bushel and \$7.19 a bushel respectively.

On Wednesday the copper market was thrown into confusion by an admission from the World Bureau of Metal Statistics that its global copper figures could be wrong. An article by Mr Peter Hollands in the Bloomberg Minerals Economic consultancy's copper briefing newsletter estimated that consumption was over-stated by 20,000 tonnes a month last year. Meanwhile an increase in the copper backwardation - the premium paid for immedi-

ate warehouse stocks (as of Thursday's close)

Aluminium

Aluminium alloy

Copper

Lead

Nickel

Zinc

Tin

Other base metals followed zinc's strong performance, having started the week on a downward trend. Nickel made a dramatic recovery on Friday, surging from \$7.81 a tonne at Thursday's close to \$8.16 a tonne on Friday. The metal had fallen steadily earlier in the week because of weak demand for stainless steel and investment fund selling.

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## BASE METALS

### LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

#### ■ ALUMINIUM, 99.7% PURITY (\$ per tonne)

Closes

Previous

High/low

AM Official

Kerb close

Open Int.

Total daily turnover

60,078

#### ■ ALUMINIUM ALLOY (\$ per tonne)

Closes

Previous

High/low

AM Official

Kerb close

Open Int.

Total daily turnover

1,206

#### ■ LEAD (\$ per tonne)

Closes

Previous

High/low

AM Official

Kerb close

Open Int.

Total daily turnover

14,681

#### ■ TIN (\$ per tonne)

Closes

Previous

High/low

AM Official

Kerb close

Open Int.

Total daily turnover

10,544

#### ■ ZINC, special high grade (\$ per tonne)

Closes

Previous

High/low

AM Official

Kerb close

Open Int.

Total daily turnover

10,184

#### ■ COPPER, grade A (\$ per tonne)

Closes

Previous

High/low

AM Official

Kerb close

Open Int.

Total daily turnover

10,860

#### ■ CRUDE OIL, PE (\$/barrel)

Closes

Previous

High/low

AM Official

Kerb close

Open Int.

Total daily turnover

14,681

#### ■ HIGH GRADE COPPER (COMEX)

Closes

Previous

High/low

AM Official

Kerb close

Open Int.

Total daily turnover

10,544

#### ■ HEATING OIL, NYMEX (\$/100 US gal., \$/barrel)

Closes

Previous

High/low

AM Official

Kerb close

Open Int.

Total daily turnover

10,544

#### ■ PRECIOUS METALS

##### LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

#### ■ GOLD, LBMA (\$/oz)

Opening

Sett. day

High

Low

Vol.

Int.

Prev. day

Open Int.

Sett. day

High

Low

Vol.

Int.

Prev. day

Open Int.

Sett. day

High

Low

Vol.

Int.

Prev. day

Open Int.

Sett. day

High

Low

Vol.

Int.

Prev. day

Open Int.

Sett. day

High

Low

Vol.

Int.

Prev. day

Open Int.

Sett. day

High

Low

</div

## COMMENT &amp; ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700  
Saturday March 9 1996

## Tremors in the bond market

For a moment yesterday investors faced the spectre of a bond market sell-off. US Treasury bond prices dropped three full points after employment figures suggested economic growth had been much stronger in January than had been expected.

Markets elsewhere felt the tremors - shares in London, for example, were at one point down 70 points on the FTSE 100 index. As in the US, however, international markets recovered their poise later in the day.

Still, the reaction indicates the pressing nature of the question uppermost in traders' minds: is there any more scope for monetary easing in the main developed economies, or is the future path of interest rates now leading upwards?

Lurking behind the question is the bond markets' traditional fear at this stage of the cycle - that the monetary authorities have pumped too much liquidity into the banking system, in an attempt to head off a mid-cycle slowdown that was already on the way to curing itself.

The issue came clearly into focus in Britain even before the US sell-off, with the surprisingly negative response from the financial markets to yesterday's quarter-point cut in base rates.

Whenever Britain's monetary masters have met recently, all has been sweetness and light. The chancellor of the exchequer and the governor of the Bank of England have managed to take the drama out of their monthly meetings. Everyone expected a quarter-point base-rate cut from this Thursday's chat, and - sure enough - it arrived promptly on schedule.

There were no coded messages from the Bank about the unwieldy of such a move, no implicit smirks from Kenneth Clarke about his skill at judging the economy.

### Mood music

Yet, despite the soothing mood music, and the predictable nature of the event, the market's initial reaction to the cut was hostile. The short-term futures contract - the most sensitive indicator of market sentiment - moved sharply downwards, implying a reversal of the rate-cut in less than six months.

There are a number of other signs that the financial markets no longer believe the UK economy is heading into a serious slowdown - and therefore no longer needs continued monetary stimulus.

Analysts noted the comments

by the retailer John Lewis that though Britain's consumers have still not acquired the feelgood factor, they have at last managed to attain the feel-not-so-bad factor.

The Halifax building society reported that in February house prices edged back above their level of a year earlier, after falling for most of last year. It was the biggest monthly rise in two years.

And smaller UK companies, which are more exposed to the British economy than their bigger FTSE 100 cousins, have outperformed them in recent weeks, after several months of under-performance at the end of last year. Even if investors do not fully share Mr Clarke's confidence that "the economy will carry on improving all the way from now to the election", they are clearly happier about the short-term outlook.

### Electoral reasons

The worry, then, is not so much that the UK markets are heading off the edge of a cliff but that they are driving into a cul-de-sac.

Operating earnings of British companies may well be close to their peak. Valuations, though not exaggerated, have little elbow room for comfortable expansion.

And if, later this year, economic logic starts to suggest that the next move in UK interest rates will be upwards, Mr Clarke may choose to delay his response for electoral reasons. That would add a distinctive British theme to the worry that the global bond market is now moving decisively towards a bear market.

Rising gilt yields - provoked by such re-awakened fears of political laxity towards inflation or by global trends - would at best limit the scope for further rises in the equity market, at worst provoke a sustained draw closer, political risk becomes a more relevant factor.

Such thinking may be too pessimistic. The underlying health of the economy offers, after all, a solid prop for the equity market, and the bond market is protected from the worst by the absence of inflationary pressures and by Mr Clarke's studied moderation.

Still, the global trend in long term interest rates and the distinctive aspects of the British politico-economic situation, taken together, expose the markets to heightened risks of intermittent upsets.

For Mr Clarke, the message is not entirely a happy one: investors have served notice that further aggressive easing of short-term interest rates is likely to prove counter-productive.

**I**t is an amazing testament to the drawing power of the Princess of Wales that she bumped Pat Buchanan, the populist protectionist pundit, off the cover of Time and Newsweek magazines last week - just as the Republican primaries reached their most interesting stage. But next Monday even the photogenic qualities of a global superstar, so important to newsstand sales, may have to take second place to plain old Bob Dole.

Twelve primaries and caucuses, from South Carolina last Saturday through 10 more across the country on Tuesday to New York on Thursday, have left the 72-year-old Senate majority leader from Russell, Kansas, far clear of the field for the Republican nomination. Even Mr Buchanan admitted it appeared "inevitable" that Mr Dole would be the party nominee to run against President Bill Clinton in November.

That will disappoint the pundits and literati who have enjoyed the diversion provided by Mr Buchanan - now more of a cause than a candidate - and, to a lesser extent, Mr Steve Forbes, the millionaire publisher. Wherever the reading eye roved this week, from the New York Review of Books on the left, through the New Republic in the neo-middle, to the Weekly Standard on the right, it was Mr Dole's challengers who consumed most of the ink, and airtime as well.

But now even these two, a pair of writers who have never held elected office, have been consigned to the status of noisy minority. Gone from the Republican contest are Lamar Alexander, former governor of Tennessee, and Senator Dick Lugar of Indiana, both bowing out with endorsements of Mr Dole.

It is not inconceivable that Mr Buchanan or Mr Forbes can pull off an upset in primaries to come, just as Gerald Ford, Jimmy Carter, Walter Mondale and Bill Clinton, all short-odds favourites, experienced defeat late in the primary season before claiming the nomination. Only the unforeseeable, such as a breakdown in his health, can now deny Mr Dole that honour.

He is the very antithesis of all that is new, trendy and ideas-driven in US politics - a disbeliever in most of the Contract with America, the Republican manifesto drawn up for the 1994 Congressional elections by Newt Gingrich. He is proud to be an old-fashioned Washington politician at a time when much of the country views the capital as little better than a den of thieves and incompetents.

This is the wounded second world war hero who could not even win a serious primary in 1980 and 1988 and was a drag as vice-presidential candidate on Gerald Ford's election ticket in 1976. But there is no populism, libertarian or other radical reformer - all important elements in the recent evolution of the Republican party - apparently able to stop him now.

In fact, as it stands on the always shaky ground of the present, the November election could be positively conventional. That prospect



is almost revolutionary after the political upheavals of the last four years, which put an obscure southern governor in the White House and a new breed of radicals in charge of the Congress.

From one corner will emerge Mr Dole, the standard-bearer of the old Republican establishment. From the other comes Mr Clinton, 23 years his junior, around whom the fissiparous factions of the Democratic party have now rallied.

Their confrontation could be complicated by a third party or independent candidacy. Pat Buchanan has not ruled out one if the Republican platform ditches his right-to-life stand. Ross Perot is making noise dissimilar to those which preceded his 1992 campaign. And Ralph Nader, the veteran consumer activist, is already petitioning to get on the November ballot. Poll after poll reveals a public not enthralled at the prospect of a choice between Mr Clinton and Mr Dole. But there is

no potential political heavyweight - no Colin Powell, no Bill Bradley - chomping at the bit. A CBS TV programme on Thursday saw talking heads waxing eloquent about the virtues of a ticket joining the retired general and the retiring Democrat senator from New Jersey - but their thinking was wishful.

A Clinton-Dole race invites historical comparisons. The most obvious - which Mr Dole will not like - is with 1984, when Walter Mondale, a Democratic party elder, was the sacrificial lamb on the altar of the incumbent president, Ronald Reagan. The consolation is that Mr Reagan was on his way to attaining a popularity that Mr Clinton cannot match, even in his wildest dreams.

Mr Mondale was also very much the captive of Democratic orthodoxy, still dominated by its liberal wing - even to the point of being honest enough to say that higher taxes might be necessary. Mr Clinton is a more eclectic and elusive politician, and a far better campaigner. Mr Dole still has to knit together the very different threads of the modern Republican party into a sweater that all can wear.

Over the past 10 days he has pretty much defined the cardinal points of his candidacy. Having been dragged to the right by Mr Buchanan for months, he is now preaching the virtues of a middle ground on which all Republicans can stand. His language is unrecognisable to Mr Gingrich's Contract with America, except insofar as balancing the federal budget stands out as the centrepiece.

Mr Clinton, of course, has also signed up to the principle of a balanced budget, but not to the Republican details. He will count on what is budget is worth balancing mostly at the expense of the poor, the young and the old.

The proper role of government

will be a hot topic, with battle lines already most sharply drawn over

education. The Republican primaries - with Mr Dole dissenting not a word - revealed the department of education on top of the conservative hit-list as the embodiment of all that is considered un-American in big government - specifically its Goals 2000 programme. Mr Clinton believes the programme, designed to raise standards in core curriculum subjects, is indispensable to produce the sort of literate and technologically competent labour force necessary for the economy to be competitive in the 21st century.

Mr Dole, having labelled Mr Alexander as "a tax-and-spend liberal", will try out the same trusted Republican line on Mr Clinton. They will compete for the law-and-order market. The majority leader will assault the president's "weak and incompetent" foreign and trade policies, even though, from Bosnia to Gatt, he has supported several of them in the name of bipartisanship.

Mr Boutros Boutros-Ghali, in the final year of his first term as secretary-general of the United Nations, will be an easy villain in the Dole campaign against internationalism-run-amok. Mr Clinton will probably counter by refusing to say who he wants to take over the UN hot seat, thereby keeping the rest of the world waiting. He will also keep his fingers crossed that the hard men of the Balkans, Ireland and the Middle East do not mess up his foreign policy initiatives.

**T**he race will also turn on personalities. From one side, it will be good old honest army Bob against Whitewater-tainted, skirt-chasing, draft-dodging Bill. From the other, youth versus age, new visions against old ideas, the future or the past. That might seem to favour Mr Clinton but for his character and record inspiring an extraordinary degree of outright loathing and mistrust.

Before the country votes, they will meet in public debate, an event logically more tailored to the skills of a president who speaks in paragraphs than a majority leader who has problems getting beyond a half-sentence, acerbically witty though they sometimes are. But Ronald Reagan did not need to say that much to beat the loquacious Jimmy Carter in their pivotal verbal party just before the 1980 election.

The electoral college, which ultimately picks the next president, may be of greater concern to Mr Clinton, offsetting the optimism generated by his lead of between 10 points and 20 points in public opinion polls. In 1982, he carried 32 of the 50 states, plus the District of Columbia, against George Bush, the incumbent president, but several of them, not only in the south, have since moved to the right. Still, a compilation of state polls in The Hotline political newsletter this week gave Mr Clinton a comfortable majority in the college.

Not that Mr Dole will mind this. He is used to uphill struggles, and would gladly have waited until the second Monday in November for an appearance on the magazine covers.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5338 (please set fax to "fine"), e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

### Failure of EU parliaments

**From Mr Robin Teverson MEP.** Sir, British ministers are right to identify a greater role for national parliaments in European decision making as a priority for the intergovernmental conference ("Britain to harden stance on European powers", March 5). But one has to doubt their sincerity.

The UK has led the way in secretive and unaccountable forms of European politicking, its ministers only ever "consulting" MEPs after the fact. Sadly, parliament has conspired in its own exclusion, seemingly content to play the ministers' poodle.

But the problem is not unique to the UK. After decades of European integration, parliaments across the EU have failed to control what their ministers do in Brussels. Now it is nothing less than a governmental plot to suggest that the choice is between giving more power to national parliaments, and giving it to the European parliament - the real choice is between accountability and untrammeled executive arrogance.

Alongside the ICC there should be an inter-parliamentary conference, bringing together MEPs from every member state, with a view to a common strategy on holding ministers to account. Euro-MPs could attend too, to discuss their similar role vis à vis the European Commission.

At one stroke this would promote greater transparency (to use the jargon) and bring Europe nearer to its citizens.

Robin Teverson,  
European Parliament,  
97 Rue Belliard,  
1049 Brussels, Belgium

### India should not be overlooked in growing closeness of Europe and Asia

**From Dr Smriti Roy.** Sir, I read with great interest your editorial ("Asia and the EU", March 4), which was critical about the results of the Asia-Europe summit in Thailand.

But what I missed was some critical comment on the composition of the region "Asia". There were 10 Asian countries which participated in the summit: the ASEAN countries, plus China, Japan and South Korea.

India was not invited to join the club, although it is becoming a leading political and economic factor in the region.

### Economic groups are snapshots, not reality

**From Mr J.P. Read.** Sir, Congratulations to Michael Prowse for pointing out that the economic groups beloved by politics and the media do not in reality exist, except in so far as they are simply snapshots at a moment in time of people who at that moment appear to have similar economic characteristics ("Upwardly mobile", March 4).

No doubt someone could show with a suitably modelled computer programme that if we all start with

nothing, as we do, and we all had identical incomes and saved exactly the same proportion of our income, it could be proved that different groups would have widely different wealth simply because such wealth would build up steadily during a life so that the vast bulk would be owned by those above the age of 65.

In the real world, of course, some people like to save more, others like to spend more, many try to make more and an even larger number either struggle or lose.

### Nuclear levy could fund home insulation jobs

**From Ms Andrea Cook.** Sir, In your editorial "Green Labour" (February 28), you report that Labour leader Tony Blair did not explain how an extensive home insulation programme, which could create 50,000 jobs, would be paid for. Funding could be met by the

environmental obligations and improve housing and health.

Andrea Cook,  
director, NEA,  
St Andrew's House,  
90-92 Pilgrim Street,  
Newcastle upon Tyne, UK

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## COMMENT &amp; ANALYSIS

Man in the News · Daniel Vasella

## Triumph of an ingenu

Daniel Green on the doctor-turned-executive who is to head Novartis

**W**hen Daniel Vasella, a 32-year-old doctor at Bern University Hospital, Switzerland, bought a financial newspaper in 1986 to try and understand the global stock market boom, he found he did not understand a word of it.

This week he made the headlines in the financial press when he was named president of Novartis, the world's second biggest drugs company. The result of the merger of the Swiss drugs giants Sandoz and Ciba, the combined business has annual sales of \$P2.5bn (£21.6bn) and is valued at almost \$30bn (£22.6bn) on the Zurich stock market.

Vasella now has to weld together two companies that have been rivals on opposite banks of the Rhine in Basel for more than a century. One tenth of the 184,000-strong workforce around the world will go. Two new chemicals companies, not seen as core businesses, will be sold.

There are challenges to daunt the most hardened business man, but Vasella is not fazed by the prospect. "I did a lot of psychiatry which helped me realise how people, including me, can change," he says. He lowers his voice: "I'm still interested in psychology, you know."

Soft-spoken with a gentle American twang when speaking English, Vasella is quick to chat and smile. His disarming

charm and informality contrast with the usual manner of Swiss business executives.

But a hardness lies close to the surface. "Job cuts are like surgery. You know it hurts but that it will do some good. The worst is to cut slowly and not deep enough."

He has brought a slice of US business culture to Sandoz, one of Switzerland's big three pharmaceuticals companies, and once seen as the most conservative. He was the first in the company to make presentations to investment analysts. He published financial results internally and he encourages information and openness in the organisation.

"It's easy once you demonstrate that being more open doesn't hurt," he says.

He learned such methods during more than four years working for Sandoz in the US. He joined the company in 1982, rejecting a place at instead, the highly regarded business school in Fontainebleau, south of Paris.

The job offer had come after he wrote to Max Link, then chief executive of Sandoz, for advice on whether to abandon

his medical career. Link invited Vasella to lunch and was impressed enough to offer him a traineeship if he would go to work in the US.

Three months later he was shown into an empty office in Sandoz's US offices in New Jersey. "It was a disaster.

They didn't know what to do with me," says Vasella. "They thought I was a spy from head office."

He was sent out as a salesman, peddling anti-depressants and heart drugs to doctors short of time. "It was the hardest job I ever had, to go and ask people for business," he says. He was helped, he says, by being able to reminisce with the well-heeled US medical profession about Swiss mountain holidays.

As one of the trainees' rotting jobs, he went to the New York office to work in the finance department under Raymond Breu, later to become finance director at Sandoz - and now at Novartis. It was a disheartening experience. "I worked like crazy. At the end of it Breu said 'you did a good job', that's all," he says.

Vasella went back to sales as a product manager looking after the cancer drug Sandostatin. Two years later, in 1991, he was promoted to product director, with responsibility for a group of drugs. The man who was once a financial ingeneus thought his career in the US was made.

Then, in 1992 came a call from Basle for someone with US experience to help revamp the company's drug development analysis - a crucial part of a drug company's profitability. With a successful drug making sales of \$1m a day or more, development of a new product must be a fast and efficient process. Researchers search for promising drugs in laboratories, and developers take their discoveries through the five years of testing required by regulators. Every hour saved in development is worth a fortune.

Vasella was instrumental in separating research from development within the Sandoz organisation, a strategy considered radical at the time. It has since become the norm: Sir Richard Sykes, for example, did the same in 1993 as chief executive of Glaxo.

- as well as medicines. "From plants to food to healthcare, this is about the wellbeing of human beings," he says without a trace of self-consciousness.

Despite his claim to the moral high ground, he makes no excuses for the huge profits made by drugs companies. "I'm giving you, the customer, something that will help you. How much do people spend on cigarettes or cars? How much do governments spend on weapons? If you are prepared to pay what I ask, then I deserve the maximum profit. The day my product can't justify the price, don't buy it. Send me to hell!"

The final step to the top seat at Novartis was logical, given the retirement of other top executives.

Vasella's success has long been suspected outside and inside the company as related to his family connections: his wife is niece of Marc Moret, the Sandoz chairman. Vasella dismisses the suggestion, saying that when he married in 1978, he was a medical student with no ambitions other than to be a doctor. He says Moret played no part in his career until the job of pharmaceuticals chief executive came up.

Vasella says he is still driven by the motives that made him want to be a doctor. Novartis has businesses in seeds agrochemicals and nutrition - Sandoz bought the Gerber baby food company in 1993 as chief executive of Glaxo.



S. PRINCE

Philip Stephens

## Best candidate the Tory party never had



In the Tory party it is still the most serious game in town. Never mind the general election. But instead on who will replace John Major once the votes have been counted, it is a game usually played on the assumption that the prime minister will lose. But even if Mr Major confounds the critics and wins, no-one expects him to stay in 10 Downing Street for more than a year or two beyond the election.

So it was no surprise that Chris Patten's confirmation from afar this week that he might yet throw his own hat into the ring caused such a stir at Westminster. The warmth of Mr Major's endorsement of his long-standing chum is destined to keep the story running.

Separated by 6,000 miles from the scheming and intrigue on the Tory backbenches Mr Patten, the Hong Kong governor, is perplexed by all the fuss. He considers that his comments to the political journalists accompanying Mr Major on his trip to Hong Kong last weekend were little more than a restatement of sentiments he has expressed 100 times before. He is keen to restore some perspective.

His starting point is that he is determined to remain in Hong Kong until June 30 1997, the date of the territory's handover to China. It is a question of honour as well as of sensible administration. So, despite several attractive offers from Tory constituency associations, Mr Patten will not fight a seat at the general election which Mr Major must call by next spring.

As it happens, the governor thinks that there is life beyond Westminster. He has no intention of spending the first months of his return scurrying round the country looking for a seat that he might win in a by-election. More likely, he will write a book pulling together some of his experiences in both Asia and Europe of the relationship between democracy and economics.

That said, Mr Patten is still interested in politics and in the future of the Tory party. It would be extraordinary if he were not after 30 years in the business. And at 51, he can hardly be classed as too old. But a return to mainstream politics, a pitch for the leadership? That will depend on circumstances that he, nor Mr Major, can neither predict or control.

Real as they are, the caveats and uncertainties are unlikely to quell the speculation. For the truth is that, as certain as many in the Conservative party are that Mr Major's tenure is nearing its end, there is not the slightest consensus on a successor.

A year ago Michael Portillo was the obvious favourite. The most convincing figure on the Eurosceptic right, he remains a strong contender. But his support has been eroded by John Redwood and by his own failure to build a base beyond the right wing. On the pro-

Many Israelis and Palestinians fear peace hopes are fading, say David Gardner and Julian Ozanne

## Dangerous race against time

**R**eeling from a wave of horrific Islamist suicide bombings on the streets of Jerusalem and Tel Aviv, Israel seems a country at war, not a nation more than midway to peace with its Arab neighbours.

In scenes reminiscent of the worst days of Arab-Israeli conflict, Israeli soldiers have raided Palestinian institutions, sealed and dynamited the family homes of suspected bombers, arrested scores of Islamic fundamentalists and placed many villages under 24-hour curfew. Tanks have also been sent into the West Bank.

Inside Israel, thousands of extra troops and police have been placed at bus stops and along main roads, confirming fears among Israelis that they are a people under siege whose very survival is at risk. Throughout the week, in tearful candle-lit vigils at the charred sites of the bomb blasts, Israelis mourned their dead.

Amid the uncertainty, Mr Patten looks a compelling choice for those in the party who fear that Mr Major's departure could presage an uncontrolled lurch to the anti-European right. He is an intellectual, but one who demonstrated as party chairman during the last general election campaign that he can also mix it on less elevated territory.

There is no slash-and-burn merchant. But he does see the case for shrinking the size of the state, for a more visible link between tax and spending, and for radical reform of the social benefits system. He is reluctant to put a figure on it, but he would be happier to see the government spending 35 per cent than 40 per cent plus of the national income.

His views on Europe have also changed. He would still happily wear the label of a European Christian Democrat. But from the perspective of an outsider, he finds it hard to understand why Europe seems obsessed by the timetable for a single currency. In his mind, enlargement to the east, competitiveness, employment, all rate a higher priority.

His enemies suspect a plot, an opportunistic shift to persuade the party that he could lead it from the centre-right. Mr Patten's retort is that it would be crazy if he had learned nothing from his experience in the most vibrant region of the world. And, if he was that unprincipled, why on earth had he spent an unpleasant four years attempting to secure a measure of democracy in Hong Kong?

Such arguments will rage up to and beyond the next election. As long as there is even a small possibility that Mr Patten might return to Westminster, he will loom large in the speculation about the succession. But the odds must be that he will join his hero Ian MacLeod as one of the best leaders the party never had.

Many Israelis and Palestinians fear the chance of peace between them is slipping away, and that the fall-out from the terror campaign will put a regional settlement beyond reach. The peace agreement "is in critical condition," said Mr Shimon Shifreet, religious affairs minister. "Either we operate on it and save it or this operation will not succeed and this agreement dies."

By their own confessions on Israeli television, extremists from the Hamas movement responsible for the bombings have been trying to destroy the peace process. They want to undermine Israeli support for it and wreck the electoral chances of Israeli prime minister Shimon Peres and his Labour-led coalition at national elections on May 29. They want the right-wing Likud opposition party, which is against the peace process, to win in the hope of blocking reconciliation between Arab and Jew and rekindling a regional conflict.

The political wing of Hamas does not want a return to generalised violence, fearing a backlash against it by Palestinians weary of being under siege. But it can do little to rein in its hard man, whose campaign could decide an election which will turn on Israelis' personal security.

Mr Peres and Mr Arafat know their political futures rest on being seen to crush terrorism ahead of the election. "We are a quarter of an hour from peace and this is the most dangerous quarter hour," Mr Peres said. "I feel very alone. These are very difficult days, there is tremendous weight on my shoulders, every decision is important, every act is thought through. I call this chair, here in the prime minister's office, the electric chair."

Mr Peres needs the support.

The bombings destroyed his 15-point lead over Likud leader



Palestinian schoolchildren carrying Arabic signs calling for an end to violence demonstrating in a Bethlehem street this week

out the world. The Italian, French and German foreign ministers have visited Israel in the past week and US President Bill Clinton is expected next week. A US and European Union-backed summit on terrorism is being called in Egypt next Wednesday, in an attempt to form an internationally backed regional coalition against the bombers.

Mr Peres needs the support.

The bombings destroyed his 15-point lead over Likud leader

Mr Benjamin Netanyahu. Polls show Mr Netanyahu now leading Mr Peres for the first time since the prime minister assumed office last November. Two have given Mr Netanyahu 48 and 49 per cent compared to Mr Peres's 46 per cent. Labour party officials yesterday were relieved his popularity had not crumbled even further. Furthermore, recent polls have shown that despite the bombings more than half the public still supports the peace process.

But any further bombings could end his chances of electoral victory, and throw the Middle East peace process into confusion. Mr Netanyahu has ruled out any territorial concessions to Syria, an essential element in an Israeli-Syrian peace package. He says he would freeze the peace process, send more forces into the West Bank to ring Palestinian-held towns and refuse to negotiate directly with Mr Arafat.

Mr Netanyahu's views might

change if he were to take office; it was, after all, a Likud government which made peace with Egypt in 1979. Yet any move backwards would certainly end Israeli ambitions for normal relations with the Arab and Islamic world, revive regional instability, and torpedo hopes for the economic integration of the Middle East. Israel's neighbours would also feel the shock, particularly if the Palestinians - their hopes of a state on the West Bank dashed - were to relaunch their struggle against Israel.

Jordan, where a majority of the population is of Palestinian descent, would be most affected, despite its 1984 peace treaty with Israel. Already there is widespread hostility to "normal" relations with Israel. Many were scandalised by King Hussein's emotional speech at the funeral of Mr Yitzhak Rabin, the Israeli prime minister assassinated by a Jewish religious fanatic.

There would be little prospect of peace with Syria which hosts 10 "rejectionist" groups. It largely controls Lebanon, where Israel still has a battle on its hands against the Iran-backed Shi'ite fundamentalist militia Hizbullah, which is fighting to evict Israeli forces from southern Lebanon.

Egypt, too, would find it difficult to build on its still cool relationship with Israel. And Saudi Arabia, which has refused to endorse "normalisation", would find it easier to corral Gulf neighbours like Qatar, which plans to supply large volumes of gas to Israel. Saudi Arabia, moreover, depends on Syria as a mediator with Iran, which the whole Gulf still sees as a threat.

It is most improbable that next week's gathering of world and regional leaders in Egypt will help Mr Peres or Mr Arafat devise an operational formula against the bombers. At most, it will line up everybody with a stake in Middle East stability behind them. And both will be grateful for that.

## A pilot project to fire gas competition

**B**us shelters in Plymouth and Exeter are festooned with posters urging consumers to buy natural gas from America Hess, the US-owned oil company. Roadshows in shopping centres offer the alternative blandishments of suppliers such as Total, the French oil group. And Swed, the local regional electricity distributor, has sponsored local rugby matches to draw attention to its services as a gas supplier.

The governor also has a political prospectus. His roots are those of a one-nation Tory. If it ever came to a choice between, say, Mr Clarke or Mr Portillo, he would not hesitate for a millisecond before backing the chancellor. But during his time away his thinking has moved on.

He has not fallen captive to the facile notion that Britain can succeed in the 21st century only by importing wholesale Asian values and economics. He is no slash-and-burn merchant. But he does see the case for shrinking the size of the state, for a more visible link between tax and spending, and for radical reform of the social benefits system. He is reluctant to put a figure on it, but he would be happier to see the government spending 35 per cent than 40 per cent plus of the national income.

His views on Europe have also changed. He would still happily wear the label of a European Christian Democrat. But from the perspective of an outsider, he finds it hard to understand why Europe seems obsessed by the timetable for a single currency. In his mind, enlargement to the east, competitiveness, employment, all rate a higher priority.

His enemies suspect a plot,

an opportunistic shift to persuade the party that he could lead it from the centre-right. Mr Patten's retort is that it would be crazy if he had learned nothing from his experience in the most vibrant region of the world. And, if he was that unprincipled, why on earth had he spent an unpleasant four years attempting to secure a measure of democracy in Hong Kong?

Such arguments will rage up to and beyond the next election. As long as there is even a small possibility that Mr Patten might return to Westminster, he will loom large in the speculation about the succession. But the odds must be that he will join his hero Ian MacLeod as one of the best leaders the party never had.

The new competition in the industry has clearly appealed to some consumers. One man at a recent Total road show in Exeter said he would "drop British Gas like a hot cake" if the experiment succeeded.

A fierce price war has already broken out, with discounts of up to 25 per cent on British Gas's current prices on offer. Some companies say they will even freeze gas prices for the rest of the decade.

The new gas distributors are treating the south-west as a dry run for full liberalisation in 1998. So far 11 have applied for licences - seeing British Gas as vulnerable to attack after almost 18 months of bad publicity about the top of top executives and deteriorating service standards.

Preparations have been dogged by two years of ill-mannered negotiations between the industry, government and Ms Clare Spottiswoode, the gas regulator, over the rules of how competition will work. But the promotional activity throughout the south-west has convinced the gas watchdog that the UK's bold experiment in gas competition is about to become a reality.

"Few in the industry thought we would make the April 1996 deadline," said a clearly relieved Ms Spottiswoode on a visit to Plymouth last week to launch a publicity campaign for the experiment.

The new gas distributors are treating the south-west as a dry run for full liberalisation in 1998. So far 11 have applied for licences - seeing British Gas as vulnerable to attack after almost 18 months of bad publicity about the top of top executives and deteriorating service standards.

British Gas has yet to unveil its strategy for fending off the competition. But the main new suppliers already claim to have signed up tens of thousands of British Gas customers. Ofgas and the government expect that at least 50,000 consumers, or 10 per cent of the market, could switch on day one.

Senior British Gas executives warn against drawing too many conclusions from the experiment, especially

try, says rivalries between suppliers are fierce and leading them to adopt unacceptable marketing and sales techniques. "Many competitors spend a lot of time knocking each other," says a council official. "They even suggest to potential customers that some of their rivals may not qualify for an Ofgas licence."

The organisation fears that such fierce competition will lead to more consumer complaints. "We hope our phones are silent and the post bag empty, but we are prepared if they are not," says Ms Jenny Kirkpatrick, the council's chairman.

Some competitors, however, have their own complaints about the consumers' council. They are particularly incensed about its advice to consumers that they delay making a decision on an alternative gas supplier until all competitors, including British Gas, have made their positions clear. They say such warnings could discourage consumers from switching.

Ms Spottiswoode appears confident, however, that such grumblings among new entrants will be short-lived, and will not deter others from joining the industry. She predicts an even greater diversity of suppliers will emerge as competition spreads with supermarket chains, local authorities and housing associations interested in the market.

One thing is already clear from the size of the discounts on offer in the south-west. In the competitive gas world, the consumer, rather than British Gas, will be in control.

## MARKETS REPORT

**Dollar steady**

By Philip Gash

Foreign exchange markets were yesterday a sanctuary of calm amid plunging bond and equity prices following the release of the February employment report in the US.

The much higher than expected increase in the non-farm payroll was taken by the market as a signal that US economic activity was stronger than previously thought, prompting concern that the US Federal Reserve might have to raise rates to counter inflationary pressures.

The dollar was caught in a stalemate with the prospect of higher money market rates effectively countered by fears of foreign investors fleeing from US assets.

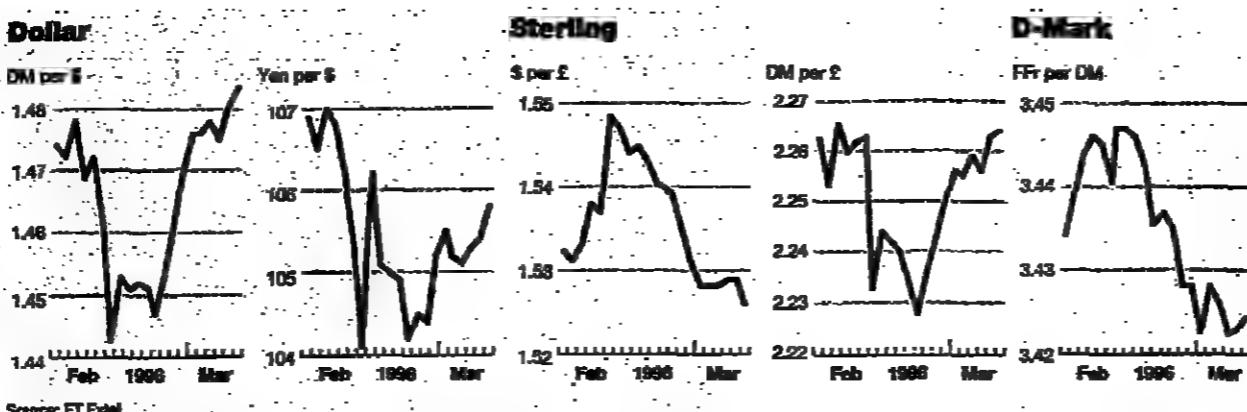
The dollar finished in London at DM1.2436 and \$1.5229 from DM1.2386 and \$1.5229.

to 6 per cent, which had been widely anticipated. It finished at DM1.2342 and \$1.5223 from DM1.2325 and \$1.5229.

■ Analysts disagreed about the likely impact of the payrolls report on the dollar. Mr Avinash Persaud, currency strategist at JP Morgan in London, said: "It reveals a surprising degree of strength in the US economy, and that stands in sharp contrast to what you

saw in Germany and Europe."

He predicted that the market would revise its view about whether the Fed would raise rates, while simultaneously building in the view that German rates were likely to fall. These factors, he said, reinforced the view that the



Source: FT Data

dollar would break out of its current range to reach DM1.60 later this year.

Mr Persaud noted that the last time the dollar had been around DM1.50, last September, the interest rate differential between US and German rates had been positive, but the trend was moving in Germany's favour (three month money in the US fell from 5.8 per cent in November to 5.2 per cent in February). Now, he said, the trend was the other way round.

Mr Philippe Jordan, analyst at Daiwa Securities in New York, was very bearish about the outlook for the dollar. He forecast a large sell-off of US assets by foreign investors, predicting that this would be accompanied by a flight to safety, with the Swiss Franc, D-Mark and yen benefiting.

Mr Adrian Cunningham, senior currency economist at UBS in London, said: "The upside for the dollar is limited because of the reaction on the equity and fixed income side." He said there would be concern about the willingness of for-

merals, especially Japanese, to hold US assets.

Ms Alison Cottrell, analyst at Paine Webber in London, said the dollar's muted response was partly a result of the market's positioning ahead of the report: "You were long beforehand, and you still are long."

■ The sell-off in short sterling contracts after the cut in base rates was, said analysts, a clear case of "buy the mystery, sell the history." This initial weakness was then seriously aggravated by the response of

WORLD INTEREST RATES										
MONEY RATES										
March 8	Over night	One month	Three months	Six months	One year	Lomb. rate	Dis. rate	Repo rate	Bank	Rate
Belgium	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.00
week ago	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.00
France	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	3.50
week ago	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	3.50
Germany	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.00
week ago	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.00
Ireland	5%	5%	5%	5%	5%	5%	5%	5%	5%	5.25
week ago	5%	5%	5%	5%	5%	5%	5%	5%	5%	5.25
Italy	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.00
week ago	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.00
Netherlands	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.50
week ago	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.50
Switzerland	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.50
week ago	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.50
US	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.00
week ago	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.00
Japan	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.50
week ago	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.50

■ 1 LIBOR London Interbank Bid/ask

■ 1 LIBOR London Interbank Offered Rate (DM) quoted to the market by four reference banks at 11am each working day. The basic and London Trust, Bank of Tokyo, Barclays and National Mid rates are shown for the domestic Yen, US Dollars, ECU & SDR United Deposits (DM).

Mid rates are shown for the domestic Yen, US Dollars, ECU & SDR United Deposits (DM).

Short term rates are set for the US Dollar and Yen, others two days' notes.

Forward rates are not for the US Dollar and Yen, others two days' notes.

Spot rates are not for the US Dollar and Yen, others two days' notes.

Interest rates are not for the US Dollar and Yen, others two days' notes.

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	Mar 8	Mar 7	Mar 6	High	1985/96	
				Low		
<b>Argentina</b>						
Gross Domestic Product	(W) 16397.61	16881.20	16191.58	31/1/96	9631.08 9/3/95	
<b>Australia</b>						
GDP (Market Value)	2257.6	2269.2	2301.1	2223.40	4/3/96	1823.30 8/2/95
GDP (Market Value)	1036.6	1039.6	1050.4	1068.30	4/3/96	785.30 8/2/95
<b>Austria</b>						
GDP (Market Value)	374.17	373.74	371.70	368.42	21/1/95	328.50 27/10/95
Trade Index	1062.47	1062.15	1045.24	1084.98	7/2/95	882.15 23/10/95
<b>Belgium</b>						
GDP (Market Value)	1748.35	1755.71	1727.30	1755.71	7/3/95	1271.53 9/3/95
<b>Brazil</b>						
Gross Domestic Product	(W) 47560.0	49753.0	54108.00	22/9/96	21382.00 9/3/95	
<b>Canada</b>						
Trade Min. Price	(W) 5275.87	5348.52	5370.38	8/2/95	3808.83 1/3/95	
Consumer Price	(W) 4991.60	4973.34	5056.88	14/2/95	3691.41 30/1/95	
Trade Min. Price	(W) 2434.28	2435.43	2486.57	8/2/95	1953.38 30/1/95	
<b>Chile</b>						
GDP (Market Value)	(W) 5504.14	5542.41	5363.10	11/7/95	4676.90 9/3/95	
<b>Denmark</b>						
Gross Domestic Product	305.89	387.02	387.62	391.35	13/2/95	330.01 29/3/95
<b>Finland</b>						
GDP (Market Value)	1816.15	1834.46	1842.05	23/3/22	14/9/95	1555.30 29/3/95
<b>France</b>						
GDP (Market Value)	1351.92	1368.05	1369.07	1372.31	4/3/96	1164.41 13/3/95
GDP (Market Value)	1975.46	2004.03	2005.89	2024.08	1/2/95	1721.14 23/10/95
<b>Germany</b>						
GDP (Market Value)	874.13	881.42	877.37	888.12	5/3/96	708.87 30/3/95
Commerce (Market Value)	2529.4	2552.0	2539.0	2584.10	5/3/96	2018.70 30/3/95
GDP (Market Value)	3459.12	3480.94	3466.04	3511.22	1/2/95	1810.95 23/3/95
<b>Greece</b>						
GDP (Market Value)	928.65	1004.53	1003.42	1017.95	4/3/96	787.15 16/3/95
<b>Hong Kong</b>						
GDP (Market Value)	11217.79	11184.05	11270.72	11594.08	15/2/95	8697.91 22/10/95

## AMERICA

# Dow tumbles as jobs surge hits bonds

## Wall Street

US shares tumbled early yesterday as a surprisingly sharp rise in February employment levels eliminated hopes that the Federal Reserve might lower interest rates, provoking a sell-off on the Treasury market, writes Liz Branstien in New York.

The Dow Jones Industrial Average fell nearly 117 points in the first half hour of trading as the long bond plummeted nearly three full points, sending the yield up 21 basis points to 6.665 per cent.

By midday, both the Treasury and equity markets had stabilised, although they remained sharply lower.

At 1pm the Dow was off \$1.64 at 5,560.05, while the

Standard & Poor's 500 fell 10.34 at 642.81 and the American Stock Exchange composite dropped 11.81 at 564.12. Volume on the NYSE was heavy at 298m shares.

Several trading restrictions were put in place to help stem the market's decline. The uptick rule, which restricts program selling and is triggered when the Dow Jones Industrial Average falls more than 30 points, was in place within six minutes of the market opening.

Within the first half hour of trading the S&P fell 12 points, equal to a fall of about 100 points in the Dow, and this triggered the "sideway rule" that halts all program trading for five minutes.

Technology stocks were also hit by the market's decline, with the Nasdaq composite falling nearly 27 points before regaining its footing by 1pm to trade with a loss of 14.48 at 1,078.64. The Pacific Stock Exchange technology index was off 1.6 per cent in early trading.

Analysts were divided about whether the decline was the beginning of several months of bearish trading, or a one-time correction for a market that had soared last year and most of the early part of this year. Since the start of the year the Dow has added nearly 525 points.

Shares in interest sensitive companies, such as commercial banks, were among the hardest hit sectors. JP Morgan, which is a component of the Dow, shed \$2 at \$32. Chase Manhattan Bank fell \$3 at \$39. Chemical Banking slipped \$27 at \$36.67 and Citicorp dropped \$2 at \$77.75.

Investment banks, which were also down sharply, Merrill Lynch shed \$2 at \$56.75 and Lehman Brothers was off \$1 at \$23.75.

Canada

Toronto was sharply lower at midsession, taking its lead from Wall Street, and the TSE-300 composite index was down 43.60 by noon at 4,937.20 in volume of 41.4m shares.

Interest-sensitive stocks such as banks were the hardest hit in heavy trading. Royal Bank of Canada fell C\$1 to C\$31.81 and Toronto-Dominion Bank followed suit, dropping C\$1 to C\$24.

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Latin America

All the region's markets came under pressure in midsession trading, as the prospect of further US interest rate cuts appeared to recede. In MEXICO CITY the IPC index lost 36.53 or 1.3 per cent to 2,799.94, with Telmex L shares losing 2.4 per cent as its ADRs were sold heavily on Wall Street.

Buenos Aires suffered an even greater fall, as the Merval index slumped 15.79 or 3 per cent to 501.60 by midday. Brokers noted that there were falls of some 5 per cent in the ADRs of Banco Francés and Banco de Galicia.

Sao Paulo erased early gains and the Bovespa index was up 63.31 at 47,623 by mid-session.

The sole questions concerning the Spanish market at present are:

• When can a stable government majority be formed?

• How will the Bolsa fare once a new government is in place?

Mr José María Aznar, the leader of the centre-right Popular party (PP), won the election but he was 20 seats short of an overall majority in parliament and had three seats less than the total held by the weakened outgoing socialist government led by Mr Felipe González.

In order to win a parliamentary vote of confidence that will be held early next month and become Prime Minister, Mr Aznar needs the support of minority parties and, in particular, of the 16-member contingent of Catalan nationalist MPs. Initial contacts, since the election, between the PP and its would-be Catalan allies suggested that such backing would not, at least in the short term, be forthcoming.

The exception to the downturn was Ahold, up Ff1.60 at Ff1.70, as more investors reacted positively to the supermarket group's pleasing 1995 results, released on Thursday.

MILAN was weak on its own account and the Comit index fell 7.80 to 601.51, and 1.6 per cent on the week.

The continuing row over roaming rights continued to keep Telecom Italia Mobile and Olivetti under pressure. Timel 1.64 to 1.72 and Olivetti was 1.13 lower at 1.633.4.

ZURICH turned back in late trading as profit-taking in Sandos and Ciba, combined with international influences to bring the market back down to earth. The SMI index turned back from an intraday high of

## EUROPE

## Europe

# Frankfurt busy, data weighs on share prices

The US jobs data damaged rate cut hopes and bond markets, while memories of the 1987 crash undermined equities on both sides of the Atlantic.

Mr Jerry Evans, European strategist at Kleinwort Benson, said that excess liquidity had kept share prices rising, until now. A coarse seasonal adjustment to the US jobs data would suggest a 2% per cent annual growth rate, he added, and on this basis US bonds would be more likely to settle than to crash. European equities, he thought, faced a tough time, mainly because they had seen much of their projected 1996 growth in the first two months of 1996.

FRANKFURT saw Ciba/Sandoz-inspired takeovers speculation in chemicals; the GM/Opel decision to take its suit against Volkswagen into the American courts; and a placing of 2.07m Thyssen shares, happily concluded before the US data took the Dax to an Ibis-indicated 2,421.62 at worst.

Bayer, VW, Thyssen and Hoechst each turned over more than DM1bn within a German market total of DM12.7bn, up from DM6bn. The Dax closed 30.58 lower at 2,448.80, 1.6 per cent down on the week.

UBS and Commerzbank, which placed the Thyssen

## FT-SE Financial Share Indices

Mar 6	THE EUROPEAN SERIES									
	Open	10.30	11.00	12.00	13.00	14.00	15.00	Closes	High	Low
FT-SE Financials 100	1600.01	1605.03	1604.41	1605.97	1605.02	1597.49	1594.67	1597.72	1597.72	1594.67
FT-SE Eurostoxx 200	1597.19	1604.89	1603.53	1603.69	1603.69	1607.00	1607.00	1607.00	1607.00	1607.00
Mar 7	Mar 6	Mar 5	Mar 4	Mar 3	Mar 2	Mar 1				
FT-SE Eurostoxx 100	1597.55	1598.63	1598.41	1597.00	1597.00	1598.91				
FT-SE Eurostoxx 300	1594.53	1600.60	1607.45	1607.45	1607.45	1607.45				
Base value 1000 (1970=100); High/low = 100-1000; 200 - 100-200; 300 - 100-300; Lower = 100-1000; 1000-1000; 1, Period =										

block at DM280 a share, had to be happy with their timing. The shares dropped DM32.00, or 3.2 per cent to DM276. VW shed value at much the same rate, closing DM17.50 lower at DM542 although some analysts said that the Opel suit was only an excuse for profit-taking.

In chemicals, Hoechst led with a DM15.50 gain at DM455.50. The stock outperformed the sector, and the German market by a long stretch last year following the US acquisition of Marion Merrell Dow, the US drugs company, last night it was up 24.8 per cent this year on the hope of more takeover action.

ZURICH turned back in late trading as profit-taking in Sandos and Ciba, combined with international influences to bring the market back down to earth. The SMI index turned back from an intraday high of

5.63 to 5.58, 1.1 per cent down on the week.

BRUSSELS broke a 12 day run of rises but the Bel-20 index picked up from its lows after a sharp late recovery on hedging of new equity linked products by banks. The index finished 7.45 easier at 1,748.28,

after tumbling to a low of 1,715.56, but was still 2.2 per cent higher on the week.

STOCKHOLM joined overseas markets in a downward spiral but recovered somewhat before closing. The Affärsvärlden general index fell 32.00 or 1.7 per cent to 1,844.00 down 2.1 per cent on the week.

OSLO lost 1 per cent overall but the shipping sector was more heavily affected losing nearly 2 per cent. The total index fell 8.68 to 78.68 in turnover of Nkr374m.

Written and edited by William Cochran, Michael Morgan and John Pitt

Canal Plus, down FF15 at FF1,050. Havas has a 24 per cent stake in Canal Plus.

AMSTERDAM recovered some of its early losses and the AEX index ended off 5.05 at 514.23, down 0.5 per cent on the week after a day's high of 521.40.

Companies exposed to the US market encountered the heaviest declines. Philips was a case in point, tumbling Ff1.3 or 4.6 per cent to Ff2.60 in spite of being recommended as a buy by Prudential Securities to the US market.

OSLO lost 1 per cent overall but the shipping sector was more heavily affected losing nearly 2 per cent. The total index fell 8.68 to 78.68 in turnover of Nkr374m.

The exception to the downturn was Ahold, up Ff1.60 at Ff1.70, as more investors reacted positively to the supermarket group's pleasing 1995 results, released on Thursday.

MILAN was weak on its own account and the Comit index fell 7.80 to 601.51, and 1.6 per cent on the week.

The continuing row over roaming rights continued to keep Telecom Italia Mobile and Olivetti under pressure. Timel 1.64 to 1.72 and Olivetti was 1.13 lower at 1.633.4.

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## MARKET REPORT

# Sharp fall in US bonds triggers slide in equities

By Steve Thompson,  
UK Stock Market Editor

A stunningly large increase in the US February non-farm payroll triggered the first limit-down performance by US Treasury bond futures since the Gulf crisis in 1990-91 and ignited a global sell-off in equity markets, including the UK.

The US payroll report was immediately interpreted by international markets as destroying any hopes of another reduction in US interest rates after the March 26 meeting of the Federal Reserve's Open Market Committee. In a knee-jerk reaction, the Dow Jones Industrial Average plunged over 100 points on the

report, before embarking on a determined rally which saw the Dow recover half of its initial decline.

Ninety minutes after London closed for business the Dow was 80 points lower. Wall Street's recent strength has been fuelled by the prospect of a reduction in US rates.

The news from the US came in stark contrast to events in London, where the long-expected 25 basis points cut in UK interest rates drew barely a flicker of interest from the stock market.

London's FTSE 100 index was sailing along handily and marginally higher on the session as the employment report news hit the markets. Marketmakers in London,

alarmed at the US Treasury bond market's instant response to the news, anticipated a three-figure fall in the Dow Jones Industrial Average and quickly chopped prices of the leading UK issues.

At the close of a session that promised much, the FTSE 100 index was left nursing a 4.7% loss at 3,710.3. At its worst, shortly after markets opened, the Footsie was 7.2% down, having dipped below the 3,700 level seen by most traders as solid resistance point.

Second-day losses put up a better performance than the leaders, but could not resist the downward pressure. At the close, the FTSE Mid 250 index was 2.73 lower at 4,262.7.

Footsie took a hard look at 3,650. Others were much more unnerved by the day's events and said the long-awaited correction on Wall Street could be underway.

It was also pointed out that the afternoon sell-off was accompanied by some very heavy trading between marketmakers, who were extremely reluctant to take on big lots of stock.

The composite insurance sector was put forward as one area of the UK market that would suffer very badly from weakness in bond markets.

He also said the market may have been anticipating a series of big option and futures expiries next Friday. He said a fall of around 120 points on the Dow would see the

## TRADING VOLUME IN MAJOR STOCKS

	Vol. 000s	Closing day's price change	Vol. 000s	Closing day's price change	
FTSE	420	-1.6	London Stock	734	-1.6
ABBA Group	1,200	-1.6	London	1,000	-1.6
Abbey National	3,600	-2.0	London	7,200	-1.6
Admiral	1,100	-4.7	London	450	-1.6
Alcan	1,000	-1.6	MFI	317	-1.6
Anglo American	1,000	-1.6	Marie G. Spencer	5,200	-1.6
Argent	1,000	-1.6	Marine & General	500	-1.6
Arup	346	-2.7	Market Makers	107	-1.6
Armstrong	310	-1.6	Midland Bank	110	-1.6
Atco	1,000	-1.6	Monks (Wm)	370	-1.6
Aspac Brit. Foods	684	-1.0	Montrose	1,000	-1.6
BAA	410	-1.6	Motorpoint	1,500	-1.6
BAT	5,200	-1.6	Native Bank	1,500	-1.6
BAT Ind.	7,200	-1.6	National Grid	4,500	-1.6
BCC	5,700	-1.6	Newell	2,700	-1.6
BOC	300	-1.6	Northam	1,500	-1.6
BPEL	4,600	-1.6	Northern Foods	2,500	-1.6
BPS Inds.	1,000	-1.6	P & O	1,500	-1.6
BskyBt	1,000	-1.6	PowerGen	212	-1.6
BT	14,000	-3.6	Prudential	2,200	-1.6
Bank of Scotland	1,000	-1.6	RBSA/MT	4,700	-1.6
Barclays	5,200	-1.6	RCA	1,500	-1.6
BBC	3,200	-1.6	Ricoh	500	-1.6
Baker	2,500	-1.6	Riccar	500	-1.6
Balfour	800	-1.6	Riccar Cr.	1,700	-1.6
Baltic	500	-1.6	Ridgeway	2,400	-1.6
Baltic Airports	1,200	-1.6	Riverside	1,000	-1.6
British Airways	1,300	-1.6	Riverside?	2,100	-1.6
British Land	1,000	-1.6	Royal Bank	4,000	-1.6
British Steel	1,000	-1.6	Royal Bank of Scot	17,000	-1.6
Burnett Castle	1,000	-1.6	Royal Insurance	2,000	-1.6
Burton	5,000	-1.6	Ryder	3,500	-1.6
Cadbury	2,500	-1.6	SAC	500	-1.6
Cairn	200	-1.6	SAC/	500	-1.6
Cash	1,000	-1.6	SAC/	500	-1.6
Cash Crop	1,000	-1.6	SAC/	500	-1.6
Cash Crop Day	1,000	-1.6	SAC/	500	-1.6
Enterprise Oil	4,500	-1.6	SAC/	500	-1.6
Eurounnel	1,000	-1.6	SAC/	500	-1.6
FTSE 100	144	-1.6	SAC/	500	-1.6
FTSE 250	760	-1.6	SAC/	500	-1.6
FTSE 350	1,000	-1.6	SAC/	500	-1.6
FTSE 500	1,000	-1.6	SAC/	500	-1.6
FTSE 750	1,000	-1.6	SAC/	500	-1.6
FTSE 1000	1,000	-1.6	SAC/	500	-1.6
FTSE 1250	1,000	-1.6	SAC/	500	-1.6
FTSE 1500	1,000	-1.6	SAC/	500	-1.6
FTSE 1750	1,000	-1.6	SAC/	500	-1.6
FTSE 2000	1,000	-1.6	SAC/	500	-1.6
FTSE 2500	1,000	-1.6	SAC/	500	-1.6
FTSE 3000	1,000	-1.6	SAC/	500	-1.6
FTSE 3500	1,000	-1.6	SAC/	500	-1.6
FTSE 4000	1,000	-1.6	SAC/	500	-1.6
FTSE 5000	1,000	-1.6	SAC/	500	-1.6
FTSE 7500	1,000	-1.6	SAC/	500	-1.6
FTSE 10000	1,000	-1.6	SAC/	500	-1.6
FTSE 12500	1,000	-1.6	SAC/	500	-1.6
FTSE 15000	1,000	-1.6	SAC/	500	-1.6
FTSE 17500	1,000	-1.6	SAC/	500	-1.6
FTSE 20000	1,000	-1.6	SAC/	500	-1.6
FTSE 25000	1,000	-1.6	SAC/	500	-1.6
FTSE 30000	1,000	-1.6	SAC/	500	-1.6
FTSE 35000	1,000	-1.6	SAC/	500	-1.6
FTSE 40000	1,000	-1.6	SAC/	500	-1.6
FTSE 50000	1,000	-1.6	SAC/	500	-1.6
FTSE 75000	1,000	-1.6	SAC/	500	-1.6
FTSE 100000	1,000	-1.6	SAC/	500	-1.6
FTSE 125000	1,000	-1.6	SAC/	500	-1.6
FTSE 150000	1,000	-1.6	SAC/	500	-1.6
FTSE 175000	1,000	-1.6	SAC/	500	-1.6
FTSE 200000	1,000	-1.6	SAC/	500	-1.6
FTSE 250000	1,000	-1.6	SAC/	500	-1.6
FTSE 300000	1,000	-1.6	SAC/	500	-1.6
FTSE 350000	1,000	-1.6	SAC/	500	-1.6
FTSE 400000	1,000	-1.6	SAC/	500	-1.6
FTSE 500000	1,000	-1.6	SAC/	500	-1.6
FTSE 750000	1,000	-1.6	SAC/	500	-1.6
FTSE 1000000	1,000	-1.6	SAC/	500	-1.6
FTSE 1250000	1,000	-1.6	SAC/	500	-1.6
FTSE 1500000	1,000	-1.6	SAC/	500	-1.6
FTSE 1750000	1,000	-1.6	SAC/	500	-1.6
FTSE 2000000	1,000	-1.6	SAC/	500	-1.6
FTSE 2500000	1,000	-1.6	SAC/	500	-1.6
FTSE 3000000	1,000	-1.6	SAC/	500	-1.6
FTSE 3500000	1,000	-1.6	SAC/	500	-1.6
FTSE 4000000	1,000	-1.6	SAC/	500	-1.6
FTSE 5000000	1,000	-1.6	SAC/	500	-1.6
FTSE 7500000	1,000	-1.6	SAC/	500	-1.6
FTSE 10000000	1,000	-1.6	SAC/	500	-1.6
FTSE 12500000	1,000	-1.6	SAC/	500	-1.6
FTSE 15000000	1,000	-1.6	SAC/	500	-1.6
FTSE 17500000	1,000	-1.6	SAC/	500	-1.6
FTSE 20000000	1,000	-1.6	SAC/	500	-1.6
FTSE 25000000	1,000	-1.6	SAC/	500	-1.6
FTSE 30000000	1,000	-1.6	SAC/	500	-1.6
FTSE 35000000	1,000	-1.6	SAC/	500	-1.6
FTSE 40000000	1,000	-1.6	SAC/	500	-1.6
FTSE 50000000	1,000	-1.6	SAC/	500	-1.6
FTSE 75000000	1,000	-1.6	SAC/	500	-1.6
FTSE 100000000	1,000	-1.6	SAC/	500	-1.6
FTSE 125000000	1,000	-1.6	SAC/	500	-1.6
FTSE 150000000	1,000	-1.6	SAC/	500	-1.6
FTSE 175000000	1,000	-1.6	SAC/	500	-1.6
FTSE 200000000	1,000	-1.6	SAC/	500	-1.6
FTSE 250000000	1,000	-1.6	SAC/	500	-1.6
FTSE 300000000	1,000	-1.6	SAC/	500	-1.6
FTSE 350000000	1,000	-1.6	SAC/	500	-1.6
FTSE 400000000	1,000	-1.6	SAC/	500	-1.6
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## OTHER FINANCIAL - Cont.

## LONDON SHARE SERVICE

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## PROPERTY - Cont.

## SUPPORT SERVICES - Cont.

## AIM - Cont.

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A WRITER



# FINANCIAL TIMES

Weekend March 9/March 10 1996

The MALT

Egyptian summit to focus on combating terror

## World leaders to attend Middle East peace talks

By Julian Ozanne in Jerusalem

More than a dozen heads of state are expected to attend a summit in Egypt next Wednesday, hosted by US president Bill Clinton and Egyptian president Hosni Mubarak, to rally support for Middle East peace and co-ordinate ways of combating regional terrorism.

Egyptian officials said Presidents Boris Yeltsin of Russia and Jacques Chirac of France, German chancellor Helmut Kohl, UK prime minister John Major, Mr Yasser Arafat, president of the Palestinian Authority, and Mr Shimon Peres, Israel's prime minister, had confirmed they would attend the summit to be held at a Red Sea resort.

Mr Clinton said yesterday he expected the "summit of the peacemakers" to produce "concrete measures". The meeting will certainly bolster support in Israel for Mr Peres, whose government has suffered a sharp reversal of popularity following a wave of terrorist attacks.

Opinion polls showed Mr Benjamin Netanyahu, the rightwing Likud leader who opposes the

government's peace policies, had taken the lead over Mr Peres. A poll published yesterday by Dafah, the second biggest polling organisation in Israel after Gallop, gave Mr Netanyahu 49 per cent and Mr Peres 46 per cent.

It was the second poll in two days showing Mr Netanyahu narrowly ahead. Two weeks ago Mr Peres, who has called early elections for May 29 on a platform of making peace with Arabs, had a 15-point lead over Mr Netanyahu.

Israeli officials said Mr Clinton would visit Israel - his third visit in 18 months - after the summit at Sharm el-Sheikh to show solidarity with Mr Peres. The Israeli prime minister said Arab attendance at the summit would be unprecedented.

"It is a very important thing," he said. "It is the world's support in the fight against terror and also in the advancement of the peace process."

Diplomats said Washington was urging President Hafez al-Assad of Syria to attend the summit, a move which would enable a high degree of participation by Gulf Arab states, particularly Saudi Arabia. But Arab diplo-

mats close to Syria said it was unlikely Mr Assad would attend.

At most, Syria would send foreign minister Farouk al-Shara'a, who will be attending an Arab League meeting in Cairo on Tuesday, the diplomats said.

Syria hosts a number of radical Palestinian groups opposed to the Israel-Palestinian peace deal.

Hamas, the Islamic movement responsible for the recent suicide bombings, has an office in Damascus, and the US keeps Syria on a blacklist of countries sponsoring terrorism.

The UK Charity Commission last night froze the bank accounts of a London-based Palestinian organisation which Israeli police claim has been the source of funds which ended up with Hamas.

The charities regulator said its action against Interpal, also known as the Palestinian Relief and Development Fund, was a "precautionary measure" taken on its own initiative. Transfers from Interpal's accounts will not be allowed without the commission's approval.

Interpal said last night it had not been told of the freeze.

## ICL to pull out of personal computers after £188m loss

By Paul Taylor in London

ICL, the only UK-based computer group manufacturing a full range of equipment, is pulling out of its lossmaking personal computer business.

The group is also spinning off its contract electronics operations to focus on computer services.

Mr Keith Todd, who took over as ICL chief executive from Sir Peter Bonfield at the start of January, said the moves were part of a plan to turn the group into Europe's leading systems and services company, "putting us on an accelerated path to profit recovery".

Mr Todd unveiled a £188.3m (£290m) pre-tax loss for 1995 after £152m of exceptional charges. He said last year "marked a watershed" for the group, which a year earlier had posted a £25.4m pre-tax profit.

The company will receive a £200m cash injection through a rights issue underwritten by

Fujitsu of Japan, its 84 per cent owner.

Mr Todd's five-point plan includes refocusing the group on the computer systems and services businesses - one of the fastest growing sectors of the information technology industry. ICL's refocused business will have annual sales of around £1.5bn.

As part of this strategy ICL will put its PC business into a new global PC company to be set up by Fujitsu. ICL will have a stake of between 15 per cent and 18 per cent in this company.

It also plans to sell a majority stake in its D&D contract electronics manufacturing subsidiary, which has annual sales of around £250m.

At the same time ICL plans to create two new software businesses, one focused on its interactive multimedia services.

ICL's decision to quit the PC business marks a further realignment in the global PC industry. It is an important step in ICL's

efforts to return to solid growth and profitability for a stock market listing.

ICL's 1995 figures reveal a £31m operating loss compared with a £28.3m profit in 1994, reflecting a "significant reduction in its gross margins". The operating loss came despite a 17 per cent increase in turnover to £2.1bn.

The exceptional charges include £45m to cover the cost of excess building, £25m to write down mainframe spare parts and £79m to cover rationalisation costs, including 1,300 redundancies over the past year and up to a further 1,000 job cuts.

Michio Nakamoto in Tokyo adds: "ICL's results led Fujitsu to revise its profit forecast for the year to end of March. Fujitsu said recurring profits would be ¥160bn (£1.5bn), rather than ¥170bn as forecast in October last year. Net profits would be ¥65bn rather than ¥50bn."

Another song about a couple living in a room of four *tsundomis* "had to be scrapped recently because the record company realised that nobody really lives in apartments as small as that anymore", Mr Iwasawa said.

Besides changing values, the traditional times have lost their appeal to a younger generation which has become more accustomed to the heavy beat of western-style pop music.

The changes have prompted record companies to look for new markets, but this has proved difficult. Unlike the demand for cars and televisions, interest in the US and Europe for *enka* is virtually non-existent.

## Sales of Japanese ballads strike a sad note

By Enrico Terazawa in Tokyo

The sound of *enka*, the wailing ballads that accompanied Japan's postwar rise, is fading.

The songs are being ignored by younger Japanese and are rapidly losing their share of the music market, much as the subjects of the melancholy tunes have been abandoned by their lovers.

The ballads were popular when Japan struggled to catch up with the west and much of the population was relatively poor.

They sentimentalised the plight of hard-working labourers, the end of the traditional rural lifestyle, and the silent suffering of women in ill-fated relationships.

After peaking in the 1970s, sales of *enka* recordings have plunged and last year only accounted for 2.1 per cent of the total, down from 7.1 per cent in 1990.

The remaining fans are generally middle-aged male office workers, who are fond of singing along in karaoke bars.

As if to highlight the limited market for *enka*, the sound vans of Japan's extreme rightwingers have put the mournful ballads on their playlist as they drive through Tokyo's banking district to protest against the country's housing loan scandal. In the past, the vans blasted out military marches.

"There has been a radical change in social values," says Mr Hisashi Iwasawa, an official at Oricon, a music data magazine.

*Enka* songs about weeping, abandoned mistresses do not go down well with today's more sophisticated Japanese women, he said. "Songs of women kicking men out of their way are much more popular."

Such sentiments are hardly reflected in the lyrics of one of the more popular postwar *enka*, "Sad Sake": "I want to forget myself by drinking. But the more I drink, I see his face reflected in my glass."

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Besides changing values, the traditional times have lost their appeal to a younger generation which has become more accustomed to the heavy beat of western-style pop music.

The changes have prompted record companies to look for new markets, but this has proved difficult. Unlike the demand for cars and televisions, interest in the US and Europe for *enka* is virtually non-existent.

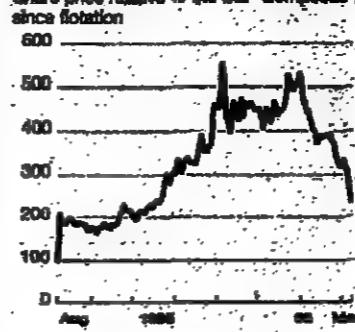
## THE LEX COLUMN

### Jobs jitters

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Netscape

Share price relative to the FTSE Composite since flotation



How can Netscape respond? It may hope other computer groups, fearful of Microsoft's dominance, will rally to its defence. It could rely on its technical lead, though that is eroding. If all else fails, Netscape can cry foul about Microsoft's tactics. But calling on the competition authorities has not stopped Microsoft in the past.

#### Taiwan

The Taiwan Straits witnessed an awesome display of power yesterday. On the one side China's sabre-rattling escalated into physical threats, with "missile practice" blocking Taiwan's main ports. And on the other, there was an extraordinary display of financial muscle. Government buying pushed shares higher, while Taiwan's central bank had no problem supporting the currency against panic buying of US dollars - it has the world's largest foreign reserves.

These trends look set to continue until Taiwan's presidential elections on March 23. China is trying to scare voters away from candidates who support independence from the mainland. These include President Lee Teng-hui, who angered China with his campaign to get Taiwan into the United Nations.

The bullying is backfiring, as national outrage has virtually guaranteed President Lee's re-election. Nonetheless, the risks of conflict look low. China is merely reminding President Lee not to overstep the mark.

On that basis, Taiwanese shares look cheap. Excluding the pricier banks, the market is trading at 11 times 1996 earnings, providing an attractive alternative to Hong Kong. After all, if relations with China thaw, Taiwan will bounce strongly, whereas in the unlikely event of conflict both markets would crash.

ICL

Sir Peter Bonfield timed his jump from ICL to BT perfectly. It has been left to Mr Keith Todd, his successor as chief executive of the UK computer services group, to announce after-tax losses of £184m for 1995. That takes some of the shine off Sir Peter's reputation as a miracle-worker. Of course, the red ink partly reflects Mr Todd's decision to split the business in three - spinning off its personal computer division to ICL's parent Fujitsu and selling its contract manufacturing operation. The result is a big bath provision of £152m.

But the underlying performance of ICL's core systems and services business also deteriorated, with operating margins slumping from 3.5 per cent in 1994 to 1 per cent last year. Mr Todd's main task should be to get margins up - to something like the 6 per cent plus that ICL's best competitors such as EDS and Sema enjoy. Yesterday's cost-cutting will improve margins by 1.2 per cent. Shedding the peripheral manufacturing businesses could also help if it allows top management to focus more single-mindedly on services.

Certainly, ICL's associated recapitalisation will give it the financial strength to bid for large outsourcing contracts. But undercutting rivals in a drive for market share will not be sufficient to boost margins. Something extra will be needed before ICL is in a fit state to be relaunched successfully on the stock market.

#### SBC Warburg

Halifax Building Society's decision to oust SBC Warburg as its adviser on its forthcoming £160m float is not just financially damaging, though it will cost the investment bank millions of pounds. Warburg's most significant client loss since last year's takeover by Swiss Bank shows that staff departures are taking their toll on the business. Halifax's decision follows the departure of two Warburg executives supposed to oversee the flotation.

A potential conflict of interest can have played only a small part: given that Halifax was Warburg's most important financial services client, it would surely have sacrificed smaller fish.

The danger for Warburg is that Halifax's loss of confidence will have a snowball effect. Certainly Deutsche Morgan Grenfell - the big winner from Halifax's decision and home to a large number of Warburg defectors - will be hoping its own small snowball is finally rolling.

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Weekend FT



## The countdown to meltdown

Just days before Black Wednesday, Norman Lamont and John Major discussed whether to withdraw sterling from the European exchange rate mechanism. This meeting between chancellor of the exchequer and prime minister was kept a close secret in Whitehall, but would allow Lamont to assert later that he had realised sterling's position in the system was unsustainable before it was driven out by the speculators. But by then it was too late.

The two men met in 10 Downing Street on Monday evening. Lamont was accompanied by Terence Burns, the Treasury's permanent secretary, Major by Sarah Hogg, the head of the No 10 policy unit, and Alex Allan, his principal private secretary. The original purpose of the gathering was contingency planning for the following Sunday, when France would vote in a referendum on the Maastricht treaty. For the moment the financial markets were relatively sub-

Sterling has haunted Britain's politicians for most of this century. From Winston Churchill's disastrous return to the Gold Standard in 1925 to John Major's Black Wednesday it has been an emblem of national decline. The tension between politics and the pound has never been greater than during the Conservatives' rule since 1979. In edited extracts from his forthcoming book, *Politics and the Pound*, Philip Stephens examines the impact of this explosive mix on the Thatcher and Major governments

died. Sterling was under severe pressure but the expectation was that its DM2.95 central rate would hold until the French poll.

Major and Lamont both knew that the government might have no option after the referendum but to accept a realignment. Eddie George, charged as deputy governor of the Bank of England with the defence of sterling had become convinced that a break with DM2.95 was only a matter of time. Terence Burns considered that if the line was held until France had voted on Sep-

tember 20 possible escape routes could open up. These might include a wider fracturing of the ERM or a general revaluation of the D-Mark.

Lamont suggested, however, that the government might have to consider suspending sterling's ERM membership.

Ten days earlier, in a bitter clash with Helmut Schlesinger, the Bundesbank president, he had failed to secure a significant reduction in German interest rates. Now he said that Britain could not accept indefinitely the deflation involved in maintaining a rate of DM2.95.

changed by Christmas the government might have to leave the system.

It was clear that the chancellor was putting down a marker rather than pressing for an immediate decision. Major's response, according to officials, was ambiguous. To some the prime minister seemed sceptical. Only a few days earlier he had declared that devaluation would be an act of "national betrayal".

Now he replied with unshaken prescience that there was little point in setting timetables and deadlines as Lamont had proposed. Much more likely, he added, events in the financial markets would determine the outcome.

The official Downing Street record of the meeting, however, also records another reaction which suggests that Major was still fully alive to the damage being inflicted on the economy. If there was no easing of the tensions, he is reported as saying, the government might have to act "a good deal before Christmas". The discussion

was to prove academic. Sterling would not last in the mechanism beyond midweek.

□ □ □

This sequence of events had been set in train even as Major basked in the glow of his election victory in April 1992. Against all expectations, the Danish electorate voted on June 2 to reject the treaty which had been signed by European leaders in Maastricht six months before. Suddenly the progress towards economic and monetary union upon which the stability of the ERM was predicated was in doubt.

This fatal weakening of the glue of confidence was exacerbated by François Mitterrand's announcement that France would also hold a plebiscite. Mitterrand saw an opportunity

to restore his political fortunes, but he misjudged the disgruntled mood in France. The date of the poll, September 20, meanwhile gave the markets a target at which to aim.

The disequilibrium within the ERM, hitherto submerged in the assumption that member states were travelling in convoy towards a single currency, was now exposed.

The D-Mark was the anchor for the system, but Germany was sailing in the opposite direction to its partners. Its economy demanded high interest rates to stifle the inflationary pressures caused by reunification; elsewhere governments were struggling to pull their economies from recession.

As long as interest rates in

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HM6/PT/96

Joe Rogaly

## Of pigs and bioethics

The 'mad scientists' may be leading us down the road to our ruin

Rampant mad scientists will make Frankenstein monsters of us all. Hunched over their test-tubes, they are grinning backwards at our video and demanding that we eat their replica-sheep. In another laboratory they are growing ears on the backs of mice, for affixing to humans. Over there they are giving intensive care to pigs, that their livers may suit transplant patients.

On another day cells taken from baboon bone marrow were injected into a sufferer from Aids, the benefit of which has yet to be established. We can be sure that in some dungeon somewhere they are musing over the possibilities of cloning humans, a gold mine for a future Perpetual Billionsires corporation.

The above good fulminations could be turned upside-down. We could focus on the half of the glass that contains the nectar of promise. Yes, researchers in Edinburgh have cloned a pair of Welsh lambs from a single embryo. That is surely good news for the food industry. The ear-bearing TV mice, an unforgettable TV image some months old, may alleviate the discomfort of people who might otherwise remain disfigured.

Pig livers, the potential use of which was declared sort-of-ethical on Wednesday, may keep some unfortunate indi-

viduals alive while they await transplants from a human source. Porcine organs may even become serviceable substitutes on a permanent basis. The baboon marrow, one of last year's experiments, may be this year's flop, but in the search for a cure for Aids everything should be tried. Attempting to clone humans is illegal in several countries. So what are we to think?

These are either dangerous experiments with nature, carried out upon helpless animals by amoral technicians or they are evidence of the blessings of man's ingenuity. Actually, they are both. Nature might strike back, probably will, but in the meantime large numbers of people, which could any day include you or me, may benefit. Call me balanced and sane, but I can reach no other conclusion.

This is tough. I had thought to spend this Saturday morning ranting on about the irresponsibility of science, but then I made commentator's error number one. I read the book. In this case the culpable volume is a report published on Wednesday on the ethics of xenotransplantation. The long word means animal-to-human transplants. The Nuffield Council on Bioethics advises the British government on such matters. It set up a working party and what we have here is its submission.

It makes fascinating reading. It confronts the "slippery slope" argument, which is that if it is OK to use chimpanzees and other monkeys as organ donors, it might become acceptable to use certain fatally damaged human babies, and so on. These sentiments are too strong to be easily cast aside," says the report. It recommends that non-primate species should be

not especially expensive" form of treatment that can both prolong life and improve its quality. In the UK the first transplant of a valve from a pig's heart to a human patient was in 1964; it is now an everyday occurrence.

The proceed-with-caution verdict of this study will be welcomed by companies that are investing in the process, including Imutran Ltd. in the UK and several small businesses in the US, one of which is Nextran, backed by Baxter Healthcare. I hope the relevant investors are not risking their shirts on this. It must be a tricky procedure, getting specially bred pigs biologically prepared to make donations that are not rejected by the new hosts.

Then again, the entire mad-scientist industry is based on risk. Cloning sheep may ensure that every chop fits exactly into its shrink-wrap but even we ignorant non-scientists understand that genetic differences keep a species going. Abolish the differences and you court trouble. The bacteria that inhabit the standardised lambs, and therefore we, will mutate; new diseases may attack our immune systems. Where did Aids come from, anyway?

None of this troubles me as much as the risk to humanity's sense of itself. "The aim of the report," say the Nuffield

## PERSPECTIVES

**B**y the beginning of 1988, Nigel Lawson's economic miracle had dissolved into a mirage. His relationship with prime minister Margaret Thatcher had all but broken down in his attempt to convince her to take sterling into the European exchange rate mechanism. For four years the chancellor of the exchequer had battled in vain to tie sterling to the D-Mark. Boom was turning to bust yet even now he hoped he might persuade her to relent. But the pivotal relationship of the Thatcher decade had fractured.

Her intense irritation with speculation that she might be forced to admit "the time was right" to join the ERM had bred in the prime minister a growing indecision. Her careless comments in the House of Commons about "bucking the market" had badly undermined the chancellor's authority. As she looked forward to the return to 10 Downing Street of Sir Alan Walters, her staunchest ally in the struggle with Lawson, she was still more forthright in private conversations.

One such occasion was a reception for political journalists in the House of Commons in January 1989. Thatcher was in relaxed mood, reflecting on the momentous events in Mikhail Gorbachev's Soviet Union. Then conversation turned to the ERM. "I won't have the Belgians decide the value of the pound," she stormed. "You shouldn't pay attention to what they say in the Treasury."

Her interlocutors were startled. But she launched next into an account of the "national humiliation" of Britain's withdrawal in 1973 from the European Snake. She had been education secretary at the time but she spoke as if it had been a moment of personal shame.

Then there was the contradiction she had pointed out in an exchange with Neil Kinnock only days earlier

# How Thatcher was left alone

In further edited extracts from his book, Philip Stephens tells of a breakdown in cabinet relationships



Howe, Thatcher and Lawson: who could have guessed that Major would succeed each of them in turn?

Copyright: FT photographs

tackling inflation was the main priority and you could not fix interest rates and the exchange rate at the same moment. She continued unprompted with her catalogue of objections. No, she was not even sure that she would join the ERM if, as she fully expected, she won a fourth term of office.

Her views duly appeared on the front pages of two national newspa-

pers the following morning. The Treasury was baffled and annoyed. A senior official briefed journalists that the reports no longer reflected the true position. It was not until some time later that the Treasury discovered the words had come directly from the prime minister herself. Such was the way economic policy was made in Margaret Thatcher's government.

The row over the D-Mark had exposed fundamental differences in approach to economic management. Lawson was forever in search of intellectual frameworks - rules to contain public spending, balanced-budget doctrines, exchange rate systems - into which he could slot day-to-day management of the economy. For all the contradictions in her outlook, Thatcher's instinct was

to hang on to a few eternal verities. The "flat-earth" monetarists who inhabited the fringes of economics during the 1970s and 1980s never lost their attraction.

The final showdown came six months later, in June 1989. After the publication of the Delors plan for a European single currency, Lawson had built an alliance with Geoffrey Howe, the foreign secre-

## The voice of the people

On the opening day of the Conservative party conference in October 1992, senior Treasury officials were summoned to Brighton by John Major and Norman Lamont. It was three weeks since sterling had been ejected from the ERM, but the government had still to build an alternative economic strategy. The officials gathered without fanfare, unnoticed by television crews as they gathered in an upstairs suite of Brighton's Grand Hotel.

Major and his team of officials from No 10 looked out of the hotel windows towards the beach. A knot of protesters gathered opposite on the promenade and another group travelled along the seafront in a bus fitted with loudspeakers. The protesters' demands drifted into the room: "Cut interest rates now, end the recession."

If only they knew, thought one of those in the room. Within two weeks, Major had unveiled his "strategy for growth". Now he would listen to the clamour in the country for an end to the recession.

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The final showdown came six months later, in June 1989. After the publication of the Delors plan for a European single currency, Lawson had built an alliance with Geoffrey Howe, the foreign secre-

tary. They would persuade Thatcher that only if it made a firm commitment to join the ERM would the government's objections to economic and monetary union be taken seriously by its European partners.

Their joint memorandum, sent to the prime minister in the run-up to the European summit in Madrid, was a remarkable document, distilling in 35 terse paragraphs the conflict at the heart of the cabinet. Its innocent title, "EC Issues, and Madrid", belied the explosive nature of its content. Its final sentence, "Could we discuss this with you?", offered a vivid image of the extent to which Lawson and Howe had been driven from the government's inner councils.

Ostensibly, the strategy outline by the two ministers was tailored to the prime minister's objectives. By signalling that it was ready to join the ERM, Britain might derail Delors' ambition to use the mechanism as a springboard for a single currency. But the memorandum went well beyond that narrow objective. In terms which were soon to find a constant echo among Europeans on the Conservative back benches, it carried a deeper warning about the risks of isolation in Europe. The choice was between engagement in the debate and banishment to the sidelines. A threat to veto EMU would be a futile gesture; there was a real prospect that the other 11 governments would establish new arrangements outside the Treaty of Rome to create a single currency. And if Britain became "semi-detached" it would soon find it had lost influence in Washington as well as in Brussels.

Major and his team of officials had given her a choice. She could leave them in place and submit; or she could seek to break the alliance and reassert her supremacy. It was true to her character that she chose the latter. It was also to be expected that Lawson would soon conclude that he had nothing to gain from remaining at the Treasury. The relationship between prime minister and chancellor is the essential hinge of any government. That between Margaret Thatcher and Nigel Lawson had snapped.

She failed to realise, however, that in re-establishing the outward form of her authority, she would destroy its foundations. Howe and Lawson in their different ways had been the architects of Thatcherism - they had given intellectual shape and substance to her powerful instincts and undoubted courage. Once they had gone, she would be alone. No one could have guessed that within 18 months John Major would have succeeded all three of them in turn.

The officials who drafted the document were aware that their political masters were playing with fire. It was classified "secret", and only a handful of people had access. Terence Burns, Lawson's chief economic adviser, added his voice to those counselling discretion; writing a cautionary note in the margin of an early draft. At another point, John Kerr, Howe's private secretary, was heard to remark that, if Howe and Lawson did not tread with extreme caution, "they will both be gone by the end of the year". And so it was.

Margaret Thatcher had been cornered but, as Kerr predicted, she would exact revenge. Her decision to move Geoffrey Howe from the Foreign Office in July 1989 and Nigel Lawson's resignation three months later carried an air of painful inevitability.

The ultimatum delivered by her two most senior ministers had given her a choice. She could leave them in place and submit; or she could seek to break the alliance and reassert her supremacy. It was true to her character that she chose the latter. It was also to be expected that Lawson would soon conclude that he had nothing to gain from remaining at the Treasury. The relationship between prime minister and chancellor is the essential hinge of any government. That between Margaret Thatcher and Nigel Lawson had snapped.

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had any doubts that the government had lost. Interest rates had been raised to 15 per cent. More than \$300 had been thrown in vain at the markets, all but exhausting the reserves. Clarke, Hurd and Heseltine waited around for an hour before Lamont and Leigh-Pemberton arrived, cut off from the news but unhappy certain that this was a moment too terrible to be missed.

When the larger meeting was again reconvened at 5pm the decision to pull out of the ERM was a formality. The government's economic policy lay in ruins. Major's political reputation was in shreds, his party torn asunder. The failure robbed the prime minister of the authority of his office, just as his devaluation had so damaged Harold Wilson in 1967.

After his enforced departure from the Treasury, Lamont would charge that the government behaved as if "in office but not in power". To the extent that was true, Black Wednesday was responsible.

■ *Politics and the Pound*, by Philip Stephens, is published by Macmillan on March 22, price £20. FT Bookshop is offering signed copies at £18, including UK postage, to the first 50 readers to ring 0171-5841849. See Page XIV for details.

Continued from Page I

Germany remained high, however, its partners could not cut borrowing costs. The potential tension had been apparent when Britain joined the ERM two years earlier. But it was not until 1989 that the Treasury and the Bank fully appreciated the seriousness of the conflict. Major had joined the ERM to tame inflation. The danger now was that it would bring depression.

Just as it cracked the foundations of the ERM, so the Danish vote destroyed the fragile peace over Europe in the Tory party. As the prospects for economic recovery receded, Europe and the economy were becoming inextricably entangled. A growing band of Conservative Eurosceptics made the dangerous elision between the treaty, the ERM and the recession.

It was obvious the economy needed a sharp cut in interest rates, but that was not possible with sterling tied to the D-Mark. And what was the ERM, the Eurosceptics asked, if not the route to the single currency and the federal state envisaged by the treaty?

The Tory divisions over Europe would soon harden into the most destructive internal

conflict since that over tariff reform at the beginning of the century.

It was at this point, however, that the government made the critical judgment which led inexorably to Black Wednesday. It ruled out devaluation except in the highly unlikely and unexpected circumstance of a revaluation of the D-Mark against all other ERM currencies.

From the starting point that, above all, the economy required lower interest rates, the Treasury concluded fatefully that devaluation inside the ERM would lead to higher rather than to lower borrowing costs. At 10 per cent, British interest rates were only about 0.25 percentage points higher than those in Germany.

This small "risk premium" was much lower than at any point in the 1980s. The Treasury believed the gap had closed only because the markets now accepted the government's commitment to defend sterling's value. The conclusion was that if the pound was devalued - unilaterally or alongside other weak currencies such as the lira and the

peseta - this essential credibility would be lost. Investors would demand a higher risk premium and devaluation would thus lead to higher interest rates or still further pressure on sterling.

This analysis set out in detail in a confidential Treasury paper written by Alan Budd, the chief economic adviser, and endorsed by Terence Burns - was reinforced by a second assumption. This was that the theoretical benefit of a lower pound would be strictly temporary. Higher import prices would quickly feed through into increased costs for domestic producers, wiping out the initial competitive gains.

The odd dissenting voice was heard in Whitehall. Some Treasury officials questioned the wisdom of slamming shut so firmly its potential escape routes. But the official orthodoxy formed the basis for a definitive speech by the chancellor. Delivered on July 10 to the European Policy Forum, its obstinate rejection of devaluation would return to haunt the chancellor. From this point there was no going back. The

policy and the rhetoric became mutually reinforcing.

Major now fell into a parlous trap. Like Winston Churchill and Harold Wilson before him, he treated sterling's exchange rate as a badge of national pride. In his private and public pronouncements, he insisted he would defend the pound to the last. In five, perhaps 10, years, he mused, star-

ting the most devastating of their political careers. Douglas Hurd, the foreign secretary, would later recall that, outside, it was a bright sunny day.

The mood within Whitehall had never been darker. Robin Leigh-Pemberton, the Bank governor, was overwhelmed by a terrible sense of failure. Kenneth Clarke, the home secretary, and Michael Heseltine, the trade secretary, were stunned by their helplessness. Hurd saw his carefully crafted European policy demolished alongside the government's economic strategy.

Severely shaken, Major nonetheless safeguarded his own position. His senior ministers were locked into every decision to ensure this was a collective defeat. Clarke would recall:

"We were there to put our hands in the blood."

There were moments of dark comedy. Major's temporary base in Admiralty House during the refurbishment of 10 Downing Street had no telephone switchboard, no Reuters monitors, no computer network. Lamont darted to and from the Treasury.

Eddie George carried a

pocket Reuters screen, but only when he was present could other ministers track events in the markets. At one point Hurd, Heseltine and Clarke found themselves sitting idly in an ante-room without even a television set to follow the pound's slide. Richard Ryder, the chief whip, searched for a radio in a radio.

As the speculators drained the Bank of England's currency reserves, the pro-European Clarke thought the moral was clear: Europe should create a single currency "pretty damn quick".

By mid-morning Lamont knew he had lost. He was standing in his outer office at the Treasury, hunched over the Reuters screen. His colleagues had endorsed a rise in interest rates from 10 to 12 per cent at 11am the news of this increase flashed across the top of the screen. Lamont watched the display below. Sterling was on its ERM floor of DM2.7780. It remained there. The rate rise had no effect. "It was over," Lamont said later.

At 12.45 Major heard Lamont's dismal prognosis before reconvening in 15 minutes a

larger meeting of ministers and officials. The chancellor judged sterling's withdrawal from the system inevitable. Leigh-Pemberton declared: the reserves were hemorrhaging. Major set out the options:

□ The Bank could keep intervening until its reserves were exhausted;

□ The government could announce another, temporary, interest rate rise of three percentage points;

□ It could seek a realignment within the ERM;

□ The pound's membership could be suspended.

The Chancellor and the Bank favoured the fourth option. Major went round the table to elicit the views of each of his most senior ministers. Hurd led the argument that the government must keep fighting. There must be no accusation later that it had "thrown in the towel at the first squall". Clarke heckled another interest rate rise, as did Heseltine. But there was little confidence that the strategy would work. Heseltine thought it was too late to make a real choice.

So by the time the ministers regrouped at 3.45pm no one

Minding Your Own Business

## Tight credit regime saves publisher's day

Clive Fewins on how a directory company landed on its feet

**S**alim Bhimji thought he was doomed to failure 10 months into the first year of his six-year-old business. His landlord noticed a large pile of printed material on the landing outside his Chelsea flat and pointed out that he was contravening the rules of his tenancy by running a business from his home.

In the business plan for his publishing venture Bhimji had calculated that he needed to operate from home for the first 2½ years to be at all sure of financial success. He realised he faced a crisis.

After a hasty search, he managed to find suitable offices for himself and Wendy Simpson, his part-time assistant, in a townhouse in Knightsbridge, a seven minute walk from his flat.

He used the skills he had learned as a freelance display advertisement salesman, negotiating rates to reduce the rent to £7,200 a year. "I discovered the existing tenant was on the verge of bankruptcy and that the landlord was desperate for a new tenant," he said. "In the end I got the first six months rent-free."

Bhimji, 32, now runs a marine directory publishing business employing seven and turning over around £500,000 a year. Gross profits last year were £61,700 on a turnover of

\$440,000. This year they are expected to be slightly better - about 16 per cent gross on a turnover of £520,000. However, he admits that he was lucky in getting through his first year.

"No matter how skilled and talented you are in order to succeed in business you also have to be lucky," he said.

Bhimji had not anticipated having to pay rent and business rates in his first 18-month accounting period. He had also made allowance for bad debts of £3,500 on advance sales of his flagship publication, The Shipmanagers Register, whereas the true figure was £7,000.

"We could have been over our agreed overdraft figure of £20,000 after eight months, giving our banker, Lloyds, the potential to close us down," said Bhimji.

However, two more strokes of luck put him on the road to prosperity. The Kent-based printer of his first print run of 5,000 copies allowed him 60 days' credit, and his 25 per cent shareholders - the company he had acquired the title from in 1989 - allowed him 60 days' grace in paying the first of the 3.5 per cent royalties due on the first three issues.

At the end of his first accounting period in March 1991, Bhimji found he could breathe again. After working up to 90 hours a week, mainly on the end of a telephone selling advertising all over the world, his company, Ocean Press and Publishing, showed a gross profit of £21,000 on a turnover of £125,000.

Looking back, he thinks his greatest success was to negotiate a tight credit regime. The Shipmanagers' Register and the two sister publications he has introduced survive on the advanced sales of advertising valued at up to £175,000 an issue. Collecting this money via his bank from the 55 countries where he has customers has, not surprisingly, caused Bhimji headaches throughout his six years in business.

Bhimji reluctantly accepts responsibility for this failure.

"I believe I have mistakenly been putting them on territories where realistically there is very limited potential," he said. "I now feel the fault is mine, and that makes me feel bad. I suspect that at least two very good people have been and gone as a result of a serious misjudgment on my part."

Once turnover reaches £700,000 he thinks there will be a strong case for employing a full-time credit controller.

The next stage in the compa-

nies future is to offer a parallel service on the Internet, and to find a partner who will cover sales in India, Pakistan and Sri Lanka from an office in India. Bhimji's family originated

from the north Indian state of Gujarat, although his parents are Kenyan Asians who came to England in 1973. Bhimji visits his clients in India and south-east Asia three times a year and those in Scandinavia once a year.

"Some 97 per cent of our sales are overseas," said Bhimji. "This makes us, for our size, a useful source of export earnings for this country."

■ Ocean Press and Publishing Ltd, 10 Beauchamp Place, Knightsbridge, London SW3 INC. Tel: 0171-584 9580.



Facing up to crises: Salim Bhimji outside his Knightsbridge office

Quarkle

## PERSPECTIVES

# Morals adrift in the marketplace

Ian Hargreaves asks whether society is becoming immoral or is it simply lost in the confusion during a period of rapid change

**I**t is not difficult to raise a quorum for the view that the UK is going to hell. In politics, there is something persistent about the morality soap opera. Moral judgement is the basis of all law-making, after all.

When your average sophisticated British politicians discuss morality, someone invariably quotes Macaulay. "We know of no spectacle so ridiculous as the British public in one of its periodical fits of morality."

Whenever a British politician strikes a high moral tone, as John Major did in his Back to Basics campaign, the political world knows that it is only a matter of time before that leader is standing forlorn, wishing he had kept quiet.

We may be sure that something is going on when The School Curriculum Assessment Authority, which decides what children should learn in school and is known to education people as Scar, recently held a conference in London to debate the state of morality and plan a standing "values forum" to determine, and then promulgate, a new moral message.

Nicholas Tate, the head of Scar told the conference that society was floundering in a sea of relativism, which he defined as "the view that morality is largely a matter of taste or opinion, that there is no such thing as moral error". In evidence, he pointed to a 1994 Mori poll, in which 48 per cent of 15 to 25 year olds said they did not believe that there were definite rights and wrongs in life, while 41 per cent felt that morality always depended upon circumstances.

Teachers found it difficult to convey a firm sense of right and wrong to their pupils because of the decline of religion, guilt at past excesses in dismissing the values of other cultures, the rise of consumerism and, said Tate, "the full-flowering of post-modernism with its simultaneous and dispiriting rejection both of universal values and of our traditional sense of the significance of the culturally specific".

He admits that by the end of the conference things looked less clear than in his opening speech. Scar's values forum is even now hunting for "agreement within the country about basic moral principles" and a means of then conveying these to schoolchildren.

"It's fairly clear," Tate says, "that it will not take the form of a simplistic set of moral commandments for the 1990s, even though I can see the advantages in a school of turning a statement of shared values into something that's catchy and memorable."

It is not difficult to spy dangers. The most obvious is whether we are, as Macaulay's dictum implied, imagining this moral crisis as many have been imagined before it.

Perhaps our willingness to be alarmed reflects not our moral performance, but the confusion caused by rapid social and economic change



and the fall from authority of traditional moral teachers, whether secular or religious.

Perhaps the whole moral panic represents a harking back to something which most of us would not want to recover, even if we could.

The evidence about moral decline relies upon two trends: the increase in divorce and the rise in violent crime. Certainly the former cannot be denied since the 1960s birth control, affluence and a changed view of women have combined to alter family structures dramatically, although the debate about lone parents often misses the point that four-fifths of children still live in a household with two adults, one of each gender.

On crime, the statistics are slippery. The only truly reliable long-run figures are those for homicide which show that the murder rate declined for seven centuries up to the present one, when it has been more or less stable. You were 10 times more likely to be murdered in Oxford in 1840 than in England today.

society, but that the decade also represented a turning point in many morally positive ways: we became more open-minded, sensitive to the needs and status of women, tolerant towards people of different racial origins and attentive to environmental questions.

Theodore Zeldin, author of the recent *Intimate History of Humanity*, argues that from the early 1960s "there was a moral movement which rejected the idea that people

could treat each other in the same way as they used to treat animals; they could not expect to be king of their families, they could not expect to be king of their firms, but they had to discover the dignity of other people".

As women started to improve their position in society, they began talking more equally with their partners, demanding honesty. A higher divorce rate, says Zeldin, represents among other things "a raising of standards".

Don Cupitt, who in the 1960s was starting to make his name as a radical Christian theologian, also thinks that we are in "a period of all change, rather than moral decline".

Economic liberals, he says, "often believe that everything else can float on the free market but that moral values can somehow be exempt. In fact, morality is all bound up with everything else. If you have a society that's in a continual flux of change, morality is going to be so as well."

Neither Zeldin nor Cupitt denies the importance of stable parenting structures for children. But they argue that there is no turning back.

Our definition of the good life has changed, not because we are degenerate but because we want it to. For politicians, this counter-analysis presents an awkward paradox.

Both Tory belief in entrepre-

neurial individualism and the Blairite vision of an adaptable, high-tech "young country" require enthusiastic embrace of change, but the party leaders feel that they must also promise their supporters personal security. We cannot have both.

Another flaw in Tate's argument is that he cannot, beyond his Mori poll, come up with much evidence that young people are less moral or relativistic than their peers of earlier generations. To point to the black ironies of Quentin Tarantino

or Nirvana, the US rock band, ignores the fact that you can find the same qualities in Shakespeare or Ibsen. No one really argues that we should seek to overturn what moral philosophers identify as "the golden rule" which has bound numerous civilisations – namely, that you should treat others as you would expect to be treated.

The point about the golden rule is that it requires constant re-interpretation and expression. Nor should it worry us that young people say most or

even all moral judgments depend upon circumstances, because most do. The law properly distinguishes between an accidental killing and a cold-blooded murder.

Moral confusion arises for the young when the state is perceived to be hypocritical, for example in considering the exchange of one type of drug offence punishable by jail and another a cocktail party.

Mary Marsh, the head of Holland Park School, in west London, which has 1,500 pupils from 50 nationalities, says that

she finds her pupils "more morally conscious" than their peers of 20 or 30 years ago.

She points to their strong sense of personal loyalty, their commitment to fairness between races and genders, their passion for environmental issues, their concern for charity and humanitarian causes. She says that some moral decisions face children earlier than they used to – sex is the obvious example – and that therefore "it's more visible to adults because these are still children at home".

Moral choices are also becoming more numerous, and in a sense we all know too much. Where once, trusted doctors took decisions about the treatment of the dying, today we have an open consideration of euthanasia. Genetic medicine makes intervention in natural outcomes – like the transmission of serious complaints such as cystic fibrosis – a question of personal moral choice. Rather than tell patients what they should do, doctors today offer risk assessments and probability ratios.

This makes our times morally demanding, but it doesn't make us immoral. A lot of the noise we hear in the debate involves the old moral authorities seeking to recover their status. But not many today think that politicians are equipped to build a new Jerusalem and fewer still would trust a prelate to design it.

Thinking for yourself, grappling with the moral universe as you see it, without the benefit of a trusted moral establishment, is harder than following a rule-book without asking questions, but it is also a more sure way to a worthwhile morality.

What we need to offer young people is not a moral highway code between hard covers, which would be obsolete as soon as it left the printers, but a multi-dimensional moral radar. As Charlotte Bronte said: "Conventionality is not morality."

Ian Hargreaves presents *Analysis: the Moral Marketplace* on Radio 4 at 4.15pm tomorrow.

Radio, Page XVII

The Nature of Things / Clive Cookson

## Quarklets in the quark?

Scientists make a strange remark: We see quarklets in the quark!

**F**or 20 years physicists have taught a doctrine, known as the Standard Model, in which quarks are the fundamental, indivisible building blocks of matter. So the first tentative evidence that the quark is not the ultimate subatomic particle – that something even smaller may lie within it – has put the world of particle physics in a fluster.

The evidence comes from experiments at the world's most powerful atom-smasher, Fermilab near Chicago. It was first published last month in *Science*, not as a refereed paper – the usual way for the journal to break research news – but as a journalistic scoop.

The Fermilab findings are preliminary and an alternative explanation to quarklets may yet emerge. Otherwise a new theory will have to be constructed, because the Standard Model has absolutely nothing to say about the hypothetical constituents of the quark.

The evidence comes from smashing protons into anti-protons at the highest possible energies. The proton contains three quarks – one "down" and two "up" – held together by lighter particles called gluons; the anti-proton has two down quarks and one up. (The quark was named by Murray Gell-Mann, the US Nobel laureate, after a line in Finnegan's Wake: "Three

quarks for Master Mark.")

Occasionally a proton/anti-proton collision is in the right orientation to produce a head-on crash between two quarks. They destroy one another in a burst of energy, which re-materialises in a spray of sub-atomic debris. Analysis of the Fermilab spray patterns shows that there are significantly more of the most violent head-on collisions than the Standard Model predicts.

The findings suggest that "harder" sub-particles are buried within the quarks. For an analogy, imagine burling snowballs together. There will be more violent collisions if you pack them with pebbles.

The news from Fermilab will remind scientific historians of the experiment 85 years ago at Manchester University, which led to Ernest Rutherford's discovery of the atomic nucleus. Rutherford's research team aimed alpha particles (from a radium source) at thin sheets of gold foil, and found that more particles bounced back than the current theory of a structureless atom would suggest.

Rutherford proposed instead that atoms consisted of a dense, positively charged nucleus surrounded by negatively charged electrons.

During the 1920s and 30s physicists wanted to show that the nucleus itself contains charged protons and uncharged neutrons. And in the 60s and 70s atom-smashing experiments proved that protons and neutrons were each made up of three quarks.

Although only two types of quark, "up" and "down", are found in ordinary matter, the Standard Model predicts that there should be six.

The existence of the sixth and last member of the family, the "top" quark, was finally confirmed a year ago at Fermilab. (Matching the six quarks is a family of six lighter particles called leptons, the most important of which is the electron.)

Because the Fermilab observations of possible quark structure were made with the accelerator working at the furthest limits of its capabilities, scientists may not be able to settle the issue, one way or the other, for several months or years. Indeed it may not be resolved until an even more powerful machine starts operating at Cern, the European laboratory near Geneva, in about 2005.

Meanwhile, theorists warn against leaping too quickly to conclusions. Apart from quarklets, there are several alternative explanations for the Fermilab data. The most prosaic would be some systematic error in the experiment, such as the calibration of the particle detectors. The researchers say they have discounted this but, with such complex equipment, can they be sure?

A more exciting possibility is that a previously unknown force, operating at ultra-short distances, affects the way in which the quarks bounce off one another. Or that the most energetic collisions create a

new super-particle which decays almost instantly into a spray of debris.

But invoking previously unknown forces and particles could be even harder for the theorists than giving quarks some internal structure.

The Standard Model does not absolutely prohibit structure within a quark, says Frank Close, head of theoretical physics at the UK Rutherford Appleton Laboratory. "But if there is an internal structure to quarks, then nature has disguised it remarkably well to look as if there isn't any. It is not just peeling another layer off the onion; there must be new physics there."

In other words, there is no way, within the known laws of physics, to divide up quarks or electrons into ever smaller generations of sub-particles. Because each step squeezes the mass into particular spaces, and leaves other spaces relatively empty, the process would require impossibly high concentrations of matter in impossibly little space.

If there were a way round this problem, then it would be possible to imagine a series of structures at increasingly small sizes: molecule, atom, nucleus, proton, quark, quarklet... but not ad infinitum.

Quantum theory sets the ultimate limit of miniaturisation at about 10 to the power of 34 metres. The atom is a million million million times bigger than that, so there could still be a long way to go.

Open doors. Open hearts. Open minds. 

Hungary

## Sun, Wind and Water Together All Elements of a Good Summer Vacation.

Lake Balaton. The biggest sweet-water lake of Central Europe or, as we Hungarians prefer to call it, the Hungarian Sea.

Its nearly 100-kilometre-long southern shore is practically an uninterrupted beach, frequented especially by families with children because of its slowly deepening water.

Its northern shore, where there is almost a fresh wind blowing from the hills, is a place for the fans of aquatic sports to meet. In the evenings everybody can enjoy the fine, fiery wines, the choice delicacies and the magic atmosphere of gentle and caressing summer nights.

It is especially worth coming to Hungary in 1996 as the country celebrates the 1100th anniversary of the settlement with more than 1100 programmes.

'96  
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## FASHION

# Riding on a wave of bad taste

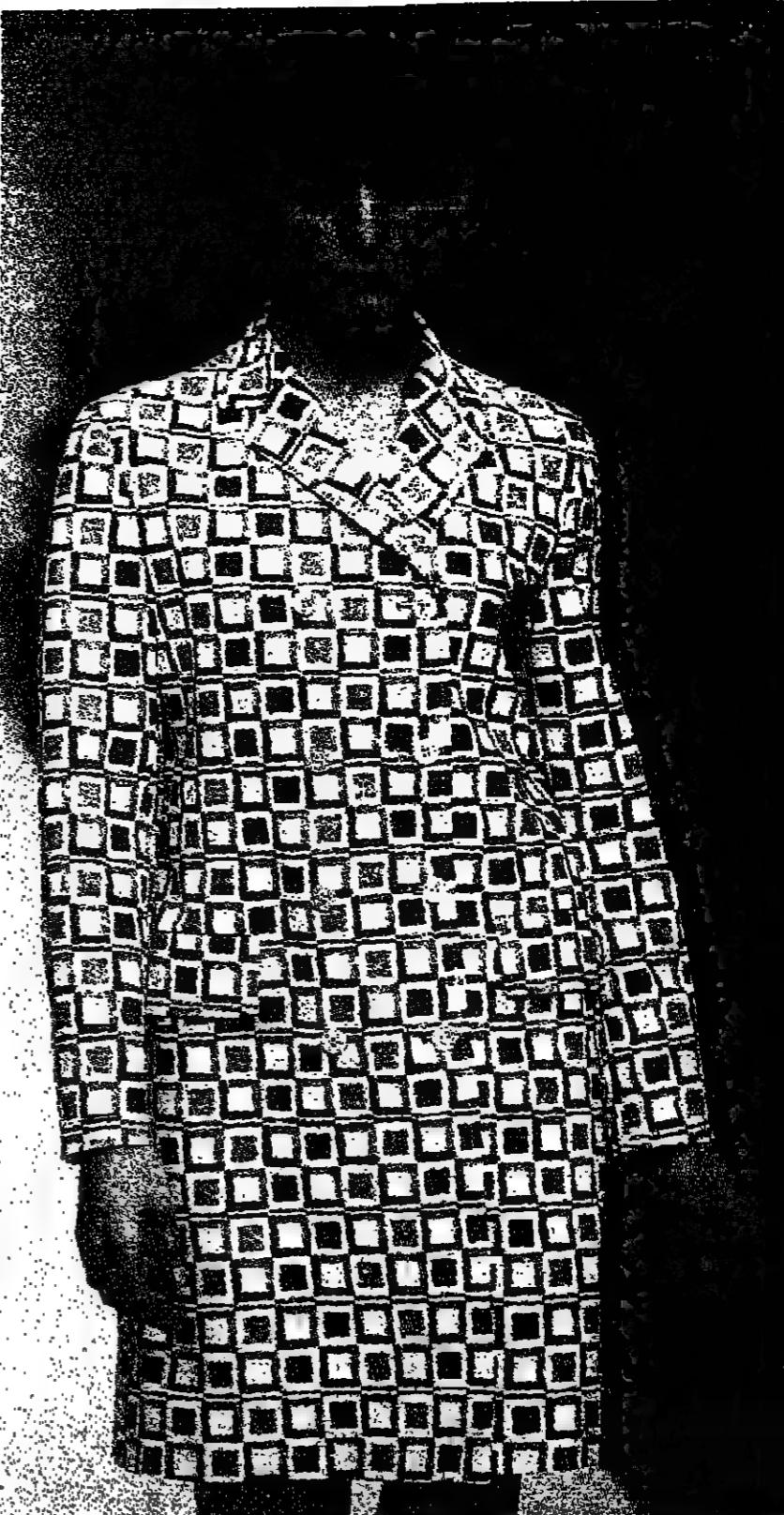
Armani might be safe – but his good taste may be partly responsible for dragging car park style on to the catwalk, writes Marion Hume



Vivid plaid top £150 and skirt £110 by Versus, 92 Brompton Road, London SW3 (0171-581 8407)



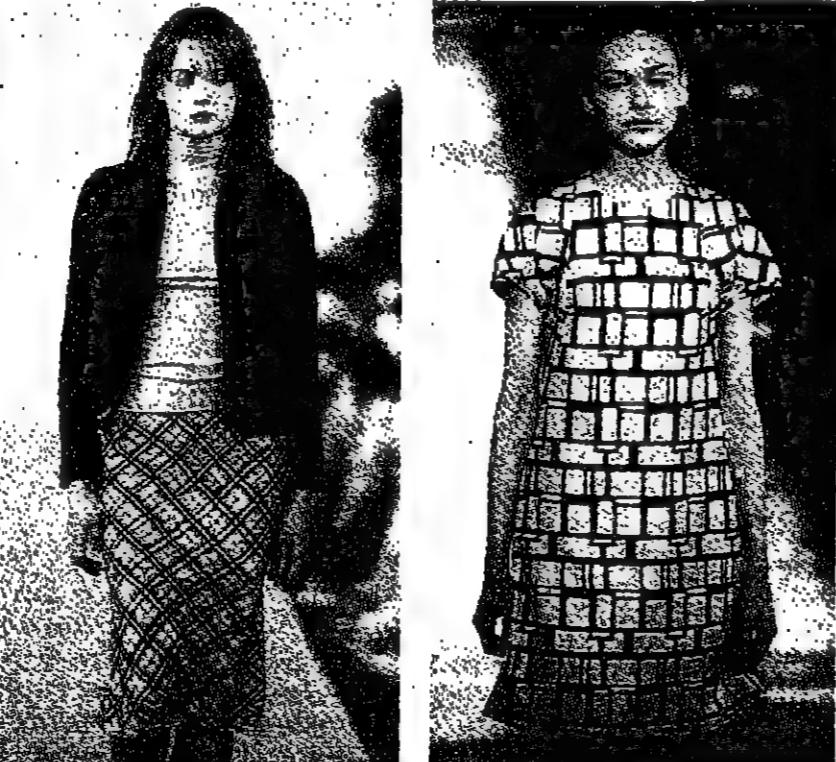
Sleeveless hospital gown dress by Miu Miu, Liberty, Regent Street, London W1 (0171-734 1234). Prices from £76



Prada's upholstery print coat, £288. From Prada, 44-46 Sloane Street, London SW1 (0171-225 0008)  
Photographs by Neil McNamee



Dress by Victor Alfaro, from £495. A la Mode, 36 Hans Crescent, London SW1 (0171-584 2133)



'Felt pen painted' skirt by Marc Jacobs, £295. From A la Mode



Caterer's uniform by Alexandra, £27.55, 7 Merle Arch, London W1 (0171-723 9906)

Nancy Mitford tried to make things simple: everything was either U or Non-U. The boundaries of what one could or could not wear were obvious. If one strayed, one was damned for being "awfully bad taste". Today, the boundaries between good and bad taste are shifting. Fashion designers, bored perhaps by citing a few ultra-elegant women as muses, are taking inspiration instead in car parks, greasy spoon cafés and even dentist surgeries.

Parking attendants in polyester uniforms, waitresses in tight, tiny dresses with their names embroidered across one breast, dental technicians in Velcro-fastening overalls have all become improbable icons of style for spring.

Dental nurses and waitresses will no doubt be surprised, even appalled, to learn that their easy-care, 100 per cent synthetic uniforms have caught the attention of the top fashion designers.

One of today's main taste-makers is Miuccia Prada, whose bag, A-line skirt and sumptuous Prada coat whisper of money and sophistication. Yet she is now producing chalky blue shirt and trouser combinations that would not look out of place on a garage forecourt. A scientist's laboratory coat attacked with a felt tip pen is deemed a desirable coat and a sleeveless top is just the dress to wear off the wards.

Prada is not alone in exploring shapes and patterns previously considered right off the fashion map. Victor Alfaro, one of the "buzz" names in New York fashion, has dresses that normally belong behind a department store cosmetics counter. Even Calvin Klein has lemon and raspberry striped sheath dresses that resemble Neapolitan ice creams.

Junya Watanabe, who is Japanese and shows in Paris, offers dresses in prints reminiscent of the upholstery of a trailer home, or the wallpaper in a kitchen set in the TV drama *Our Friends in the North*.

Fashion imagery, as well as fashion design, has crossed over the taste line. Dazed & Confused, a funky and streetwise magazine, regularly features "bad taste" styling, including garments from Dennis and Alexander, both uniform suppliers.

In the past, gorgeous girls have been discovered in chip shops and at go-kart tracks, and turned into soigné model swans. Now, cutting edge style magazines are taking models (including those with titles or double-barrelled names) and pos-

ing them "ironically" – in ugly clothes and the ugliest locations.

What is going on? At the fashion shows for the spring/summer season (in Milan and London, Paris and New York last October) the professional fashion pundits sat po-faced and tried to deconstruct "the trend". Perhaps the natural response was that of the actor Tim Roth, who has built a name portraying low-life types in cheap clothes, and who was a guest at Prada's show for its second line, Miu Miu. When

Kate Moss appeared in olive green school knickers, a faded, floral teen bra and a "dirty old man's" mac, he got the giggles.

No one would dare. However, the maestro of "less is more" is perhaps more responsible than he would imagine for the bad taste wave of fashion for spring.

Armani, more than any other designer, has built an empire on safe, good taste. His customers do not need to have faith in his or her own taste, just a belief that

Armani clothes will never embarrass or shout. Witness the rise of the Armani suit (men's and women's versions) and the Armani evening gown. Just a few years ago, the Academy Awards ceremony was full of razzle and dazzle. Then Armani conquered Los Angeles. Oscar night has become so safe that there is a wistfulness in Hollywood for the bad taste of the likes of Cher in her spider's web outfit.

No wonder that Gianni Versace, Armani's polar opposite whose credo is "More is More", is successfully moving in on tinsel town.

Much of the bad taste is a trend. Fashion always loathes what has just preceded it, so many of the designers who are having fun with bad taste will eventually reject it in favour of something more acceptable. Versace is the exception. To him, gleefully pushing the boundaries of acceptable taste is both an art and the key to his success. He has built a global business by refusing to be suffocated by taste, and by knowing that there are plenty of wealthy people who could not give a hoot about playing it safe.

Versace's sister, Donatella, designs the company's second line, Versus. She has great fun turning all sartorial rules upside down. So your mother told you never to wear more than one plaid at a time? Doubtless, so did Donatella's mother – which is why she does it.

Bad taste is also a sign that designers are bored – with minimalism, a colour palette devoid of colour, and the safety of navy and beige and black.

It is one thing for thrifty young shoppers to delight in sartorial shockers, and another entirely for the shopper who can spend thousands of pounds. Designer bad taste does not come cheap. Marc Jacobs, whose clothes are stocked in London by A la Mode, showed a dowdy knee-length skirt that looked as if it had been scribbled on. Close inspection showed it had been scribbled on; in painterly strokes on silk. The skirt costs £550.

The Marc Jacobs Scribble skirt is highly recognisable. So is the Prada lab coat, the Prada Hessian home furnishings suit and the lurid Versus plaid shell top (which looks as if it could have been made from any fl-a-yard fabric).

These bold pieces signal something very different to those "in the know". They signal money, the confidence to reject safe taste and the wearer's lack of need to hide behind the soft armour of beige or navy.

For this spring, bad taste has become "U".

## From the Trilby to the bowler

Alasdair Steven uncovers the lost art and meaning of wearing a hat

**M**en brave the most awful weather hatless. Why do they do it? Why do men no longer wear hats?

There was a time when a gentleman would not be seen in town without a bowler or in the country without a flat hat, and when an artisan (as they were then called) without his flat cap. In Scotland men had the deer stalker (a "fore and aft") and the Glengarry; in France they had the beret. But they are rarely seen today.

With the exception of the baseball caps that the young wear at infarcting angles, there has been no significant male hat fashion change for more than 50 years.

Edward VII breathed life into the male millinery market. He liked to think he led the world of fashion a century ago. He wore side-creased trousers (to hide his

badly bunched legs) and cutaway coats. But he wore and popularised the Homburg. It was he who dictated that men did not have to wear a top hat which was, in any case, becoming inconvenient as motor transport developed.

It is odd that the two most popular men's hats of the century are named after minor characters in almost forgotten melodramas. Even more odd was that neither of the originators – Princess Fedora Romanoff and the Irish singer Trilby O'Farrell – ever wore the hats. It was not uncommon for stars of the day to allow their names to be used in a variety of ways, such as Melba toast named after Dame Nellie Melba.

Umberto Giordano turned Sardou's play *Fedora* into an opera and created a hit for Enrico Caruso, who adopted the fedora hat as his personal trademark. It immedi-

ately took on a rather jaunty swaggering appeal. Gerald du Maurier's *Trilby* premiered in London in 1915 and was a huge success. Du Maurier wore the hat in the play that became known as the Trilby.

The original fedora had a curled (rather formal) brim. It was favoured by Chicago gangsters and acquired a sinister feel. The Trilby was more soft and raffish.

The Homburg was always popular with professional people wanting to create the impression of trust and worldliness. Sir Anthony Eden favoured Homburgs. So, too, did Tony Hancock.

Until the 1950s, a doctor or solicitor would never visit a patient or client without wearing his Homburg. It marked them out as people to be trusted. When Neville Chamberlain came back from Munich, he held a Homburg in one hand and his famous piece of paper in the other.

Hats were all about status. The Homburg was an alternative to the bowler, which took over from the top hat. But most men in the City of London wore (or at least carried) a bowler right up to the late 1960s. Important lunches and funerals demanded one and every self-respecting demander of "less is more" was perhaps more responsible than he would imagine for the bad taste wave of fashion for spring.

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If the cap fits: hats were all about status

## HOW TO SPEND IT



Budget shopping: from left, baker's rack, 1970s tables, 'Matisse' table, chandelier, 1960s lamp and leather topped desk

Drawings by Lucinda Rogers

## Home sweet home – at a bargain

Miranda Eadie goes in search of furnishings for her first flat in auction houses, antique stores and junk shops

**A** few months ago, a sofa was a sofa and a bed a bed to me. But the process of trying to furnish my newly purchased flat has changed all that.

With nothing to my name but three ashtrays, a lamp and a red enamel jug, I decided to take a few days off work to look around the shops.

Beds, I soon discovered, come in infinite variations of size, shape, type of headboard, plus numerous internal factors such as bases that are sprung, slatted or fibreboard and mattresses with pocketed or continuous coil springs.

As for sofas, I found many were not even comfortable, whereas the one I buy, in my newly single state, has to be not only comfortable, but enveloping and comforting.

I found auction houses and secondhand stores provided some comfort. The choices were usually more limited but this made deciding so much simpler and they allowed the contents of my purse to stretch further. They also enabled me to avoid that "off-the-shelf" look that is the fate of so many first-time buyers' flats.

My first call was to Lots Road Galleries, the auction-

ers at 71-73 Lots Road, London SW10. Here among the modern furniture was virtually everything I needed to furnish my flat: comfortable beds, glass and chrome occasional tables (expected auction price £260 – about a tenth of the price new), a heavy pine kitchen table (expected price £250-£350) and an 18th century farmhouse table, which I thought could serve as a desk (expected price £200-£300).

There were also sofas, mirrors, paintings, chairs and a host of small accessories.

I was ready to start bidding when I realised that I had not measured up my flat properly and so could only guess which pieces might fit. And I had not had time to study shop prices to make a proper comparison.

Also, auction houses tend to under-estimate the likely selling price of items in the auction (to encourage potential bidders). This means you might still have a bargain even if you pay over and above the auctioneer's guide price.

My second visit, calmer and more in control, I bought a double bed for £260. If it is not brand new, it looks it, and it cost at least £500 less than a decent one from a shop.

With my bed installed I set

out to buy a refrigerator. Considering this too boring an item to invest in seriously, I headed for Tokyo Electric, a secondhand electrical shop at 117 Fulham Palace Road, W6. I found a clean looking combined fridge/freezer for £140 and had it delivered for £2.

The previous owners of my flat had left behind an oven and washing machine. Had they not, I could have bought an oven for between £80 and £140 and a washing-machine for between £100 and £170 from the same shop.

My biggest purchase was a desk – the hunt for which proved taxing. The only one I could really afford was a modern office desk (£95 from Andrew's Office Equipment, 49-51 Fulham High Street, SW6) but this was too ugly to consider seriously.

Number 280 Portobello Road in W10, had a pretty Art Deco office desk (£250), but this had been sold just before I walked into the shop. I ended up with an imposing 1920s officer's desk with inset brass handles and a sky blue leather top (which I justified to myself as an investment), from Tower Bridge Antiques, 179/181 Tower Bridge Road, SE1. After some haggling I got it for £550.

In my second visit, I went to Portobello Road and found a 1920s officer's desk (£250), but this had been sold just before I walked into the shop. I ended up with an imposing 1920s officer's desk with inset brass handles and a sky blue leather top (which I justified to myself as an investment), from Tower Bridge Antiques, 179/181 Tower Bridge Road, SE1. After some haggling I got it for £550.

### They also enabled me to avoid that 'off-the-shelf' look

that I could (almost) afford. Without the five-year interest free credit offer I could never have managed it at the same time as buying everything else.

Had I decided to go for style instead of comfort I would have gone to George Sherrill, 58 Kings Road, SW6, or Succession, 178 Westbourne Grove, W11. For a bargain I would have gone to IKEA, Divani (mail order) or Lots Road Galleries. For something colourful I would have tried the Courtaulds Shop, 51 Fulham Road, SW3.

The prettiest items in my flat came from Bazaar, 82 Golborne Road, W11. Its authentic French country furniture is priced to attract the first time buyer (kitchen tables start at £120 and wardrobes at £250). It also has decorative and antique lighting, including an elegant wrought iron chandelier with glass drops for £275.

I bought a small pale green table for £20 that looks like something out of a Matisse painting and an old French sideboard, with paint flaking off, for £110.

I always see tempting pieces at Josephine Ryan, 335 Lillie Road, SW6, but I have learned the hard way that it does not pay to be indecisive. While dithering on one occasion I missed the chance to buy a beautiful white Marcella bedspread, which, at only £40, went within a day. I am currently banking after some bobbin shelves at £195.

Other items from my other furniture came from junk shops. Shopping at these requires a lot of patience and an eye you can trust, but they hold some real gems and great bargains. Hidden among cheap plywood tables at 792 Garratt Lane in SW11, I found two round white-topped 1970s coffee tables with metal trumpet-shaped bases for only £2 each. After a good scrub they looked a treat.

My sturdy ironing board was purchased from 12 Bacon Street (off Brick Lane, E1) for just £5, and my bedside cabinet, £10, from "the lorry" on the corner of Raudington Road and Portobello Road, W10.

I found an elegant oval-topped kitchen stool from Instinct, 83 Golborne Road, W10, for £4 and am pondering over an egg-shaped lamp at £10 and a round bevelled 20in mirror for £15 from the same place. A one-off 1960s lamp with a silver shade and heavy stainless steel base at Brook Green Furnishers, 62 Shepherd's Bush Road, W12, has also caught my eye but I feel

the £25 price tag is too high.

I am now looking at carpets, which are similar to seagrass or coconut matting but softer and easier to clean. But since they do not come cheap I will probably opt for a colourful stripey jalm (similar to a kilim but finer) for £250 from Oriental Carpets, 131 Portobello Road, W11.

What I learned overall, is that it is wrong to rush into things. Taking the time to wander round antique warehouses, secondhand stores and junk shops is not only fun but can also save a small fortune. And you can be fairly certain that whatever you buy nobody else will have.

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## Favourite haunts and best bets

These are some of my favourite haunts (grouped by subject, then by location, then in descending order of expense).

### AUCTIONS

The best bet is to attend provincial auctions where prices are lower than in London. Otherwise, Lots Road Galleries, 71-73 Lots Road, SW10, is well worth a visit. You can pick up almost anything you need for a house here. I think it is particularly good for sofas (which can go for as little as £100, although they may need covering) and beds.

### ANTIQUES WAREHOUSES

Bermondsey, SE1. The warehouses along Bermondsey Street and Tower Bridge Road are not to be missed. Tower Bridge Antiques, 159/161 Tower Bridge Road, dedicates an entire floor to each period of furniture (Art Deco, Edwardian, Victorian etc).

The Old Cinema, just along the road, is a disorderly mixture of anything you could possibly want – antiques and modern – and merits hunting

through. Opposite is Europa Antiques which has a wide selection of desks. Perry Farthing Antiques, 177 Bermondsey Street, also deserves a visit.

### ANTIQUES/DECORATIVE FURNITURE SHOPS

Lillie Road, SW6

It is well worth spending an hour or so here exploring, although you are unlikely to find any real bargains – the shop owners know the value of their goods. But you are guaranteed to find some nice pieces.

Josephine Ryan, 335 Lillie Road, has English and French decorative furniture. Just around the corner, Christine Nolgoose specialises in simple east European wardrobes and cupboards (£500-£800) and chandeliers (£150-£400).

M.A. Harley, 234 Lillie Road, Bazaar (No.82) has simple French country furniture. Universal Providers (No.83) has copies of old French baker's racks and it is worth calling at Les Coulettes du Chien (No.65), which specialises in salvaged architectural stone ware.

New Kings Road, SW6, had an early 19th century white-painted wardrobe (£295), some yellow 19th century shelves (£95) and some nicely worn painted tables (around £200) when I was last there.

### ANTIQUES/SECONDHAND SHOPS

Golborne Road, W10

Jacqueline Rhodes of Decorative Living, 55 New Kings Road, designs wardrobes and cupboards (£800-£1,500), inspired by carvings, shutters, doors, pretty locks or pieces of glass collected on her travels. A drinks trolley with bicycle wheels (£450) and an 8ft Indian boat (£350), which she envisages piled high with cushions acting as a sofa in an avant-garde flat, are typical of her quirky taste.

### ANTIQUES/SECONDHAND SHOPS

Golborne Road, W10

Bazaar (No.82) has simple French country furniture. Universal Providers (No.83) has copies of old French baker's racks and it is worth calling at Les Coulettes du Chien (No.65), which specialises in salvaged architectural stone ware.

Eighty-Eight Antiques

(No.88) specialises in stripped pine, and Instinct (No.93), rather than an indoor car-boot sale, houses a mass of vases, stools, lamps, ashtrays etc.

### ANTIQUES/SECONDHAND SHOPS

Portobello Road, W10

From the Westway to the end of Portobello Road is where you are likely to find real antiques at bargain prices, especially on the market mornings (Friday and Saturday). The stalls under the Westway are where quality lamps and Art Deco objects can be found. Number 280 Portobello Road strips and repairs secondhand and antique wardrobes, cabinets, bookshelves and tables (from £150).

On market days take a look in the back of the lorry parked on the corner of Raudington Road and Portobello Road and you may well find a bargain.

### JUNK SHOPS

These are filled with furniture obtained at clearance and

bankruptcy sales. They should be visited on a regular basis as turnover is fast.

### ANTIQUES/SECONDHAND SHOPS

Shepherd's Bush Road, W12

Chairs, tables, stools, filing cabinets and chests are piled up on the footpath outside Great Expectations, 115 Shepherd's Bush Road. Candlesticks, radios and dated TVs are also on sale.

Look downstairs at Knights Furnishings, 103-104 Shepherd's Bush Road, and Brook Green Furnishers, 62 Shepherd's Bush Road, to find the clearance furniture.

### ANTIQUES/SECONDHAND SHOPS

Brixton, SW9

There are three floors of clearance furniture (anything from beds, tables, sofas, chairs, bedside tables, filing cabinets, wardrobes and ladders) at O'Brien Antiques, 374 Brixton Road. Definitely worth a rummage.

### ANTIQUES/SECONDHAND SHOPS

Garratt Lane (Tooting end), SW17

Rather tacky secondhand furniture shops are dotted all along Garratt Lane, but numbers 790, 792, 794 and 911, are moderately interesting.

### ANTIQUES/SECONDHAND SHOPS

Brick Lane Market, E1

The graveyards of electrical equipment and discarded junk on Slater Street and Cheshire Street are also interesting, but better suited to the professional scavenger than occasional bargain hunter.

## TRAVEL

# Haunted in the Holy Land

Nicholas Woodsworth discovers the ancient port of Akko in the newly industrialised Israeli city, Haifa

*"In Jerusalem they pray and in Tel Aviv they dance. But in Haifa," runs the popular saying, "they work."*

**H**eading north out of Haifa on the last bus of the night, I could see they did just that. Sometimes it is hard to remember that the Holy Land is also a highly industrialised land. But not here.

Where Haifa's shops and offices ended, the plants and factories began. On we rolled beside Haifa Bay - past belching chimneys and employee parking lots, past roaring furnaces, past fence-walled warehouses, past flood-lit refracting towers and through the most ugly of chemical stinks. Guiding its people with clouds of smoke by day and pillars of fire by night, Haifa is the modern version of an ancient story.

It was with some surprise, then, that at the end of the long sweep of bay we finally pitched up at genuinely ancient Akko, one of the oldest ports in the world. Akko does not pray, dance or work. It lives with its past.

The past, I am convinced, comes closest to us in the quiet of night. When the daily bustle subsides, when crowds disperse and streets empty, it re-emerges into view like some nocturnal animal too shy to show itself in the hours of rush and confusion. Who in daytime notices the small details, the discreet messages left by history on facades, street corners, cobbles, cornices? There is too much movement, too much distraction. But in the still night the past shows its face everywhere.

I did not feel much sense of the past as I walked down Ben Ami Street through the pedestrian shopping malls of modern Jewish Akko. To find it, though, one only has to traverse the deep moat and high walls that loom at the far end of the new town.

On the other side lies a city already 3,000 years old when it was

renamed Jean d'Acre by the crusading Knights of the Order of St John. Greek Aka, Christian Acre, or Arab Akko - this is a place in whose dark night streets the past is very much present.

Our human life Akko was early bereft, and I wandered about observed only by crouching cats below and a bright moon above. The closest hotel to Akko, a modern beach resort, lay some distance out of town. But I had heard of an old building in the middle of the city, the former residence of a Turkish governor, that now served as a youth hostel. I was determined to find it.

**T**his is a place in whose dark night streets the past is very much present

A minaret and black-domed mosque bordered by leafy palms; a forbidding citadel of closed gates and iron-barred windows; the flagged courtyard of a vast caravanserai enclosed by columned arches; a stone-built harbour crumpling into the sea - surrounded by high city walls and separated by a hundred deserted, criss-crossing alleys, these were the landmarks, shadowy and dream-like, by which I attempted to navigate my way through Akko. Another ghost, another unexplained mystery lay around each blind corner.

The term "youth hostel" fails to ring warmly in the ear. Yet when in the last stages of desperation I finally found it, tucked into a narrow street beneath the wall that guards the port, it could not have felt more welcoming had I been the Turkish governor himself.

What did it matter if the grand entrance hall was piled with ruck-

sacks and plastered with posters, if a television glared through the delicate marble pillars of the lofty reception rooms upstairs? I was now thoroughly haunted. Once in bed I needed only to close my eyes to see a Circassian slave tip-toeing through the dark, bearing a bowl of sherbet, a water-pipe, and the tincture of poppies that finally drew me down, tipsy with the passage of centuries, into sleep and a night of restless dreams...

Bathed in soft Mediterranean winter sunshine, Akko the next morning seemed a different place - a busy, crowded, Arab town bothered with nothing more than getting on with life.

I strolled along the quays, watching fishermen unload their catch from small blue and green boats. I trailed them to the market, and amid shrimp and blue-clawed crabs saw the cats from the night before beg their breakfasts from fishmonger's blocks. I sniffed odours of cardamom-scented coffee wafting from cafe doors. I watched old men play the first *tric-trac* of the day, young boys kick the first footballs. Was Akko really as loaded with the weight of the past as I had imagined? I began to doubt it.

But the cats were not the only apparitions from the night before. As I strolled, I came across the same landmarks - the walls, mosque, citadel, caravanserai and sunken harbour - that had so enthralled me in the dark. More than dim shadow, they are the hard substance of Akko's long past.

Akko first drifts into Levantine history as a port mentioned in Egyptian sacred texts in the 15th century BC. It has been much fought over since, and after gazing glazed-eyed at an incomplete list of its conquerors recorded on the wall of Akko's citadel I shall not repeat the exercise. Name a people, any people - Phoenicians, Greeks, Romans, Ptolemies, Persians, Arabs, Turks or any other living - Pisani, Venetian, Genoan, French

- each with their own quarter and

life. The best preserved of the quarters, that of the Hospitallers, today lies 25ft under ground.

Descending stairs to the 12th century street level, I found myself wandering about knight's halls, administrative chambers, refectories, secret tunnels and hospitals. Scalding bats flew in and out, uproarious school groups came and went, but the great arched vaults remained impervious. The crusaders built for a thousand years, and here succeeded.

The city walls were not always as resistant. At the end of the 13th century the Mamelukes attacked in overwhelming numbers and, after a two-month siege, Akko fell and was largely destroyed. Abandoned by history, it only rose to prominence again 500 years later under an unwholesome gentleman known as el-Jazzar, the butcher of Acre.

Today el-Jazzar is buried in the garden courtyard of the black-

domed mosque he built. It is a delightful place to stroll, its rose-bushes laden with scented blooms, its orange trees heavy with fruit. Delightful, too, are the blue-tiled Turkish baths he built for his subjects, and the Khan el-Umdan, that elegant, many-columned caravanserai that I lost in the dark the night before, had marvelled at.

But I only had to glance up at Akko's high and mean-looking citadel to surmise another side to el-Jazzar. In the dungeons of the formidable fortress he built his victims, including the occasional adviser and concubine, foolish enough to fall foul of him.

The citadel was not only an unpleasant place for el-Jazzar's foes. When Palestine came under British mandate after the first world war, the citadel became Britain's high-security prison in the middle-east. Near impregnable, it held members

of the Jewish underground fighting for the establishment of a Jewish state.

"We apologise that due to construction work the gallows are temporarily closed to the public," I read in one of the wings. Today a museum, the citadel has become a shrine dedicated to the memory of Irgun, Haganah, the notorious Stern Gang, and other groups who struggled for Zionist ideals. Are we today at last seeing that fight coming to an end? Present-day Akko, a town where Jews and Arabs live side by side in peace, seems to argue for a more harmonious future.

I left Akko as I arrived, in the dark, feeling surer than ever that the past is a living thing: a changing, growing, invisible presence that surrounds us wherever we go. In most places, it takes some hard hunting down.

Happily, in places like Akko, it can hardly be avoided.

Haunted in Akko, on the Mediterranean coast: a 3,000-year-old city

Source: David

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Photograph: David

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**1996**

## Travel Brochure Guide

A collage of travel brochures and a large central title. The top row includes a small image of a beach, a brochure cover for 'CV TRAVEL' (13), a dark brochure cover (14), and a brochure cover for 'The Best of France' (15). The bottom row features a large, bold title 'TRAVEL BROCHURE GUIDE ORDER FORM' in the center. To the left of the title is a list of travel options with checkboxes, and to the right is a section for sending the coupon.

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The logo for the Financial Times, consisting of the letters 'FT' in a bold, serif font inside a dark rectangular box.

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## TRAVEL



Lucky in Estoi: a procession gets under way in the annual festival of dried fruits

## Cinque Terre and its hidden treasures

Todd Shapera takes a walk in isolated Italian territory

**S**ITUATED on the Ligurian coast where the mountains meet the sea, between La Spezia to the south and Levanto to the north in Italy, for most of their history the Cinque Terre were completely isolated, accessible only by water or a narrow, footpath along the coastal cliffs.

In the early 1960s a train tunnel was blasted into the mountains connecting them to the outside world for the first time; then came a road to the northernmost town, Monterosso. Now, they can be reached by

unique to the region is a highly concentrated dessert wine, Sciacchetrà. It is made from special grapes that are given extra time on the vine after they ripen, then they are left to dry indoors for several months. They lose much of their juice but become quite sweet. We were told that about 7kg of grapes are required to produce one bottle about three times the quantity needed for local white wine.

The 30-minute hike to Corniglia

brought us along the coastline and up a long, pebbly beach. Manarola, about 45 minutes further, is perched atop a rock peninsula with a sheer drop to the water. With no natural harbour, fishermen store their boats in town and lower them to the sea with ropes.

We often walked quietly. We negotiated steep ascents, endured open stretches backed by the sun, and savoured cool patches shaded by lemon and olive trees fed by trickling streams.

Halfway along the route to Vernazza we met a robust, elderly man wearing a faded sailor's hat that partially shielded his deeply tanned face. He dangled a wicker basket with fresh green grapes. He greeted us with an embracing gleam in his eye and warmed to my wife when she ventured to greet him in Italian.

As we talked, he pointed high on the slopes to a narrow open car ("trenino") attached to a steel monorail that skirts the top of the vines about 10ft off the ground.

As we parted, he reached into his basket and handed us a generous sample from his morning harvest.

Reaching the heart of the town required an aerobic 15-minute climb

brought us along the coastline and up a long, pebbly beach. Manarola, about 45 minutes further, is perched atop a rock peninsula with a sheer drop to the water. With no natural harbour, fishermen store their boats in town and lower them to the sea with ropes.

To our disappointment, the final leg from Manarola and Riomaggiore, the "via Dell'Amore", was impassable due to damage caused by heavy rains. So we took the little train.

Riomaggiore station is at the base of cliff that drops into the sea. Reaching the heart of the town required an aerobic 15-minute climb

At the bottom of the hill, a stone wall separates the town from a narrow cove where fishermen leave their colourful boats. Just inside the wall was Trattoria La Lampara, one of only a few restaurants.

We were seated by the genial proprietor Pietro Spadafora, who served us pizza with porcini, black olives and herbs; grilled eggplant; and a plate of pasta with fresh swordfish. With each course Pietro also offered anecdotes about his life and the town.

The family arrived from Sicily 10 years ago, after many years of exploring the Ligurian coast on

family holidays. "We fell in love with Riomaggiore," he said. "For us, it was the most beautiful, the most tranquil, the most in touch with the sea. It was a paradise on earth for raising our two children." Their home is above their restaurant.

The next morning back in Monterosso, we set out for an early walk into the vineyards. From high on the path, I made out the image of a woman sitting on the soil under the canopy of her vineyard. She was crushing grapes in a pail with her feet. She wore a knee-length blue skirt, a tan pullover with flowers embroidered on one side and loafers. After some time, she rose, put a cloth on her short brown hair and motioned for me to help her lift on to her head a plastic box loaded with grapes. She asked me to carry the lighter pail with her crushed grapes.

She led us down 10 wobbly steps to the mountain trail - supporting her load with strong neck, steady legs and her right arm. Several times she paused and balanced her load with no hands so that she could point out sights along the coast.

When we reached one of the area's only luxury hotels, situated on a rock above Monterosso, instead of following the path around the property, she opened the gate and led us through. It was as if she were rooted to this region and wasn't going to detour. As the guests on the terrace enjoyed their morning croissants, tea and splendid views, she passed virtually unnoticed.

We rejoined the trail and walked down the hill to the town, past fisherman into a noisy labyrinth of narrow alleys.

She invited us in to her daughter's home a modest place, dark and cool inside, with a cement floor, a child's bike along the wall and three wooden kegs of fermenting wine in the centre of the room. She reached for a bottle and insisted on giving it to me. She pointed to the familiar label with two sea gulls, shook her head, and indicated that this was their home-made stock in an old bottle.

I remembered a conversation I had had with a local wine producer, Antonio Basso. As the Cinque Terre became less isolated, he was worried tourism would spoil the area and affect local customs. His greatest fear, however, was the number of young people moving out of the area, including his son who is now working in Genoa.

The day would come when no one was left to care for the fields, he said. "When that happens, our gardens will become wild and roll into the sea."



Vernazza, looking south to Monterosso: David wrote about the local Cinque Terre wine

Todd Shapera

Lillian Young avoids golf in the Algarve and enjoys the bird life instead

**W**HAT good is the Algarve to a non-golfer? Contrary to commonly expressed opinion, Europe's south-western edge is not hell on earth for those who cannot walk without whacking a little white ball in front of them.

I who hold golf in contempt as an over-conspicuous consumption of space, stayed at the grand, Orient Express-owned Quinta do Lago hotel, which is beset by golf courses and populated almost entirely by mafishes and niblicks, whose life is golf. They will tell you there is no better place than *Sporegual*.

While golfers quaked for their turn to attempt a birdie, I went birding with Vitor Encarnacao, an ornithologist from the Ria Formosa Nature Reserve. And my Algarve holiday took wing.

The nature reserve goes for 37 miles along the south-east coast of the Algarve, a lagoon area protected from the Atlantic by five narrow islands of sand. The lagoon is dotted with salt marshes, tidal islets, and channels of water kept in constant motion by the wind and sea. Behind are sandy beaches and dunes, which extend back into solid land.

Along the Ria Formosa coastal strip, from Alvor peninsula in the west to the small beach at Manta Rota in the east, are small towns, busy fishing villages and isolated dwellings. The houses are white-washed with slender chimneys of criss-cross patterned brick crowned with an ornamental ball, bright blue shutters to rival the Algarve's blue sky, and at least one wall covered in brilliant pink or radiant red bougainvillea.

These pretty dwellings sit more easily among the umbrella pines and sandy soils than the manicured lawns and sandys of the Algarve's luxurious tourist developments such as Quinta do Lago or Vale do Lobo, where the golf courses and tennis schools are, and where a villa can cost £1m (with ocean view) or £20,000 a week to rent.

As the official publication of the Institute for Nature Conservation says, the leisure industry's resorts,

hotels and watersports threaten a diminishing natural world, "giving a negative appearance to the Faro peninsula", but in Ria Formosa nature has some protection.

In the Ria Formosa grow almost 50 species of plant which have adapted to the harsh and salty environment to survive, like the hottentot fig, sea holly and cotton weed.

In contrast to the relative paucity of vegetation is the richness of animal life in the lagoon. With Vitor as my companion I saw dozens of animal species. We strolled along nature trails, popping into the occasional hide to observe the birds.

Ria Formosa is a vital breeding place for rare species such as the Purple Gallinule, a shy outsize Moorhen distinguishable by its long red legs, flitting tail movement and vulgar cackle. The Ria is also important as a resting place for birds migrating between Africa and Europe and the former Soviet republics, serving as an alternative avian stop-over to the north in Spain.

For anyone with even a minor interest in animals, the Ria Formosa roll-call is quite starry. A chameleon, its bizarre body seemingly composed of left-over bits of other animals and its swiveling eyes mounted in mobile turrets for 180 degree vision, launched its tongue like a missile to grab a flying insect.

Crossing the tidal lagoon to Gigi, a fish restaurant on a jetty, we saw dozens of fiddler crabs, crustaceans unique to the southern Iberian peninsula. Each male has one oversized claw (he can be either left or right-handed), which, as the Ria Formosa guidebook tastefully puts it, "performs an important role in mating behaviour".

We also spotted two Viperine Snakes. But the bad news about Algarve snakes is that they have the power to terrify little birds like the Kentish Plover so that the motionless bird can swallow without even the tiniest flutter of resistance.

The highlight of my day with Vitor was the time spent at Quinta de Marim, on the Ria near the sar-

dine and tuna fishing port of Olhao, a bustling Moorish village of white or blue, cube-shaped houses and narrow alleys, where we stopped for lunch.

A clutch of restaurants opposite the fish market offers splendid menus. We chose O Bote, which was full by 1pm, early by Portuguese standards. The sardines grilled with rock salt, clams cooked with garlic, olive oil and parsley, and grilled swordfish were all delicious.

White Storks nest at Quinta de Marim, as they do in the centre of the Algarve capital, Faro, and on the golf courses. The pair at Marim had settled in a platform basket provided by the nature reserve on top of a tall pole. Their bird's eye view would include the last tide mill still working in the Algarve.

Visitors to the environmental education centre at Marim can take guided tours of the mill and reserve, and those with a genuine interest in birds can visit the avian hospital.

We crept silently around two huge open-air enclosures, peering through the almost opaque black netting covering the wire, to see the patients. Some were obviously walking wounded who would never fly again. Others had been found grounded and exhausted during the spring migration.

From as close as 20 yards I could admire some of Europe's glorious birds of prey, including a Bonelli's Eagle, its white body contrasting with the dark wings, two fully recuperated Griffon Vultures, ready for release, and a Black Vulture, a wounded member of a desperately endangered species.

Quinta de Marim derives more than beauty; a farm-house of outstanding beauty has been restored in its traditional colours of white with mustard. The dog kennels at Marim, with their busy breeding plan, assure the future of the tall black Portuguese water dog, a breed adored for its friendly, curly tail and long floppy ears.

Inland, in Estoi, I was lucky. My

visit coincided with the annual festival of dried fruits, which thanks the Senhora do Pe de Cruz for a successful season of sales. We arrived as the festival procession was about to set off.

Handsome horses carried the countryside's best riders, richly vested and jauntily hatted. The horses manes and harnesses were adorned with bougainvillea, hibiscus and roses, while farm vehicles were decorated with palm fronds, carnations and greenery. They all set out for the Ludo pine forest near Quinta do Lago and a day of dancing, feasting and drinking.

In Loule, where cats with the longest legs in the world inhabit the medieval castle walls, countrywomen crowded the Saturday morning market offering honey, cheeses, and fresh and dried flowers.

Ria Formosa has plenty of fish, octopus, squid and unappreciated frogs - tree frogs and toads, which sang through the night in the hotel's ponds in, to my ears, Solfi - a language based solely on the notes of the solfa musical scale.

There are three nature trails close to the hotel: two are "recommended", the third is longer and runs along the golf course where the players have priority. Despite the dangers from a fast-moving ball, wild ducks waddled across the fairway. A Hoopoe flew over, better dressed than any of us on the course, in designer plumage of cinnamon-pink bodice, a black-tipped crested hat, and chic black and white back and tailcoat.

A baby pigeon tried to make something out of a bread roll, suspiciously resembling those on the hotel breakfast table. Borracho, or baby pigeon, is the local Portuguese word for "bird", which a Portuguese man will use when a pretty girl walks by. We all, you see, enjoy birds one way or another.

■ Lillian Young flew to Faro on British Airways and stayed at Hotel Quinta do Lago. For inquiries: Orient Express, Hotel Reservations, tel: 9155-555 5866 or the Hotel Quinta do Lago, tel: (Faro 89) 36666; British Airways Holidays, tel: 01293 61311.

### Check in / Roger Bray



without benefit to the consumer.

I heard of a skier who suffered a nasty gash over his eye, needing six stitches, during a trip to Austria's St Anton. This was not the result of a high-speed collision on the piste but of a slip in the shower. He insists there was no contributory negligence caused by excess of gilliflower. There was no rubber mat, nor any non-slip surface on the shower floor.

Stories abound of Americans who have been scared off sensible safety measures in case they don't work. The late Ernie

Blake, founder of the magnificent Taos Ski Valley in New Mexico, once complained ruefully how he had been forced to remove padding from lift pylons.

The padding was supposed to protect skiers if they skidded out of control and hit the metal posts.

But Blake's lawyer warned him he could face an even bigger lawsuit if the padding failed to do its job - or was torn off accidentally.

It is surely inconceivable that any US hotelier would run such an obvious risk of legal action.

### Free market leaves US travel in a state

Less than four months after President Bill Clinton's first White House conference on tourism, the death sentence is confirmed for overseas tourist offices in the US.

Closure of the US Travel and Tourism Administration, a victim of congressional parsimony, means intending travellers will have no official, central point from which to seek information.

The free market is supposed to take over. Leaders of the US travel industry have agreed to launch a marketing campaign. But there is no indication that it will support tourist offices in

supplied with information but it is provided, at least, a starting point for travellers with no other idea where to inquire.

### Tall in the saddle on India's roads

The heat, dust and smells of India must seem powerfully close from the saddle of an Enfield Bullet.

Long a collector's piece in Britain, the motorcycle is still manufactured in Madras and is available for riding as part of a guided tour of Rajasthan.

"A lot of our customers are men who have already ridden or owned these bikes," says Lynn Baker, of Tiger Travel, which launched the tour a year ago. Some used it as dispatch riders in the army, some are just enthusiasts.

During the three-week trip, luggage is carried in a 4x4 back-up vehicle. Speeds are kept down on main arteries clattered with trishaws, lumbering Hindustani Ambassador lorries and brightly decorated lorries but it is possible, claims Lynn Baker, to reach 50-60mph on quieter roads. "All the bikes we use are brand new. After about six months of Indian road conditions, they have to be sold on."

■ The tour costs £750 from Tiger Travel UK, 56 Bowden Hill, Newton Abbot, Devon TQ12 1BH (tel: 01626-82222).

### Security in the air is available – but at a price

**B**OEMS are worrying news again for international travellers. The shattering of the IRA ceasefire and new outrages in Israel have concentrated minds afresh on ways to combat terrorism.

But how much are prepared to pay for extra security? Scientists now believe they can protect large airliners against Lockerbie-sized bombs but only at a payload cost which could add £40 to the price of a fully flexible, economy class return ticket to New York, for example.

Machines to detect explosives have been tested at some British airports. The government has decreed that by the end of this year, all hold baggage checked in by passengers flying abroad from Britain must be X-rayed, even if they are catching a connecting, domestic flight. That will certainly not happen in many other countries.

Real peace of mind means sacrificing time or money. One way is to submit to rigorous profile questioning of the kind employed by El Al to weed out suspicious characters. This exacts a price in inconvenience, demanding a minimum check-in time of three hours before

departure for economy passengers and two hours for business travellers.

Aircraft can never be made totally safe against explosives but experts at the Defence Research Agency, an offshoot of the Ministry of Defence, believe they can reduce the risks significantly.

There are two main ways of doing so. One is to lime bomb and cargo holds with blast resistant, high-density polyethylene fibre, the other simply to shift luggage and freight around 20cm further from the fuselage skin.

Doing either, they believe,

would have prevented the destruction of Pan American 103 over Lockerbie.

Here's the rub: doing either would reduce airline revenues by adding weight or reducing cargo space.

Adding weight could mean removing 15 seats from a Boeing 747. Moving containers away from the walls could cut capacity by around 5 per cent.

Adding the cost of new seats at a flat rate would cost a leisure traveller on a budget trip to New York about £2 extra on the price of the cheapest round trip available from British Airways.

Averaging the cost across all classes, and perhaps absorbing some of it, could earn airlines a

## OUTDOORS

Skiing / Arnie Wilson

## Off-piste skiers warned of danger

**I**t was Nigel the ski guide's day off - and Trudy, the chef too. They had left us to our own devices. So we made do with toast and cereal before gathering at the top of the Grand Pre chair in Val d'Isère to contemplate skiing the Tour de Charvet.

This is an easy off-piste itinerary but occasionally becomes avalanche-prone when the afternoon sun can send snow tumbling into the gully at Le Manchet.

Two members of the group were eager to slip under the rope. But Stephen, a former army major, put his foot down. "I'm not doing it," he said. "Not now I've got a wife and child. I'm not taking any risks at all."

It was a typical skiing dilemma: a technically easy but slightly dangerous off-piste run. Hardly worth hiring

a high-mountain guide for. Or was it?

In the end peer pressure - plus the reassuring sight of a ski instructor taking another group under the rope - persuaded Stephen to come after all.

As we reached the gully, we paused briefly to marvel at the sure-footed agility of three chamois scampering on steep avalanche chutes above us.

Earlier in the season, chamois had been blamed for triggering one of a number of fatal avalanches. We quickly moved on.

The number of off-piste skiers in Val d'Isère, a resort cele-

bated for its couloirs and steep, ungroomed powder fields, is beginning to cause concern among the local authorities. Hi-tech equipment, especially "fat" powder skis, has encouraged more and more skiers to seek the thrills and tranquillity of wilderness skiing.

But in spite of a proliferation of specialist-ski schools in Val, many skiers, particularly "go-anywhere" snowboarders, either do not bother - or cannot afford - to take a guide.

A few days ago, the mayor of Val d'Isère, Bernard Catenan, a former ski school director,

called the local representatives of 13 British tour operators to a special meeting at the town hall to discuss the dangers.

Christopher Tatham, of Ski Scott Dunn reported: "It was a good meeting. Well attended. We agreed that we should impress on our clients how dangerous indiscriminate off-piste skiing can be, and urge them to use a qualified guide."

The company's managing director, Andrew Dunn learned the hard way. "I almost met my maker when I was 21 on the ridge leading into the Vallée Blanche at Chamonix.

"I fell over the edge, lost a ski and was left clinging to the rope. I went straight back down in the cable-car, quaking in my boots."

"If I hadn't been so young and naive, I'd have hired a guide and I would have been properly roped. So I take this problem very seriously, and I advise extreme caution about skiing off-piste."

"Our clients tend to be pretty intelligent about these things but you can't force people to hire a guide. Normally it is youngsters who cannot afford a guide who take risks. But we tend not to attract people under 25, unless they are

with their parents."

Patrick and Jean Zimmer, who run Top Ski, arguably the best of Val d'Isère's specialist ski schools, always make their clients' safety their main priority during their daily pilgrimage to find quality off-piste skiing.

Patrick, somehow able to find powder even when strong winds have ravaged almost the entire valley, astonished me by taking three friends of his from Alsace and me into the *pare* (avalanche fences) at Le Lavachet to find some decent turns.

We were high above Tignes, Val d'Isère's neighbour. And it was a first for all of us. "This is precision skiing," he said, "leading through tight gaps in the huge metal fences which held back hundreds of tons of snow."

There was good skiing just below the fences too. We would never have found it - or even dared to look - without someone like Zimmer. "Any-one skiing into an area like this without a guide would be completely crazy," he said.

Hearing of our exploits with Patrick, other members of our party immediately signed up for a morning of adventure with the Zimmers. This is Ski Scott Dunn's first

season in Val d'Isère. When I first skied with them seven years ago, young Dunn picked me up at the airport in a Land Rover.

Today he charters an entire Airbus with his company logo not only on the seat-back covers but on the after-lunch mints. The Land Rover has been replaced by huge, gleaming coaches.

But Andrew still has the same boyish enthusiasm for his job. "We've grown but we're still small and we still care hugely whether our clients really enjoy their holiday," he said. "Above all, we want them to be safe."

■ Arnie Wilson stayed at the Squaw Valley Apartments in Val d'Isère. His trip was arranged by Ski Scott Dunn, Fountaine Meus, 12 Noyau Road, London SW17 7PH. Tel: 081-707 0002

Geneva motor show

## This heir to the XJS will make heads turn

Stuart Marshall looks at the new Jaguar XK8

With becoming modesty, Jaguar describes the new XK8, unveiled this week at the Geneva salon international de l'automobile, as a presentation of exterior styling. It is much more than that.

This elegant successor to the aged XJS will soon be in production in hard and soft-topped versions with world-wide sales starting this autumn.

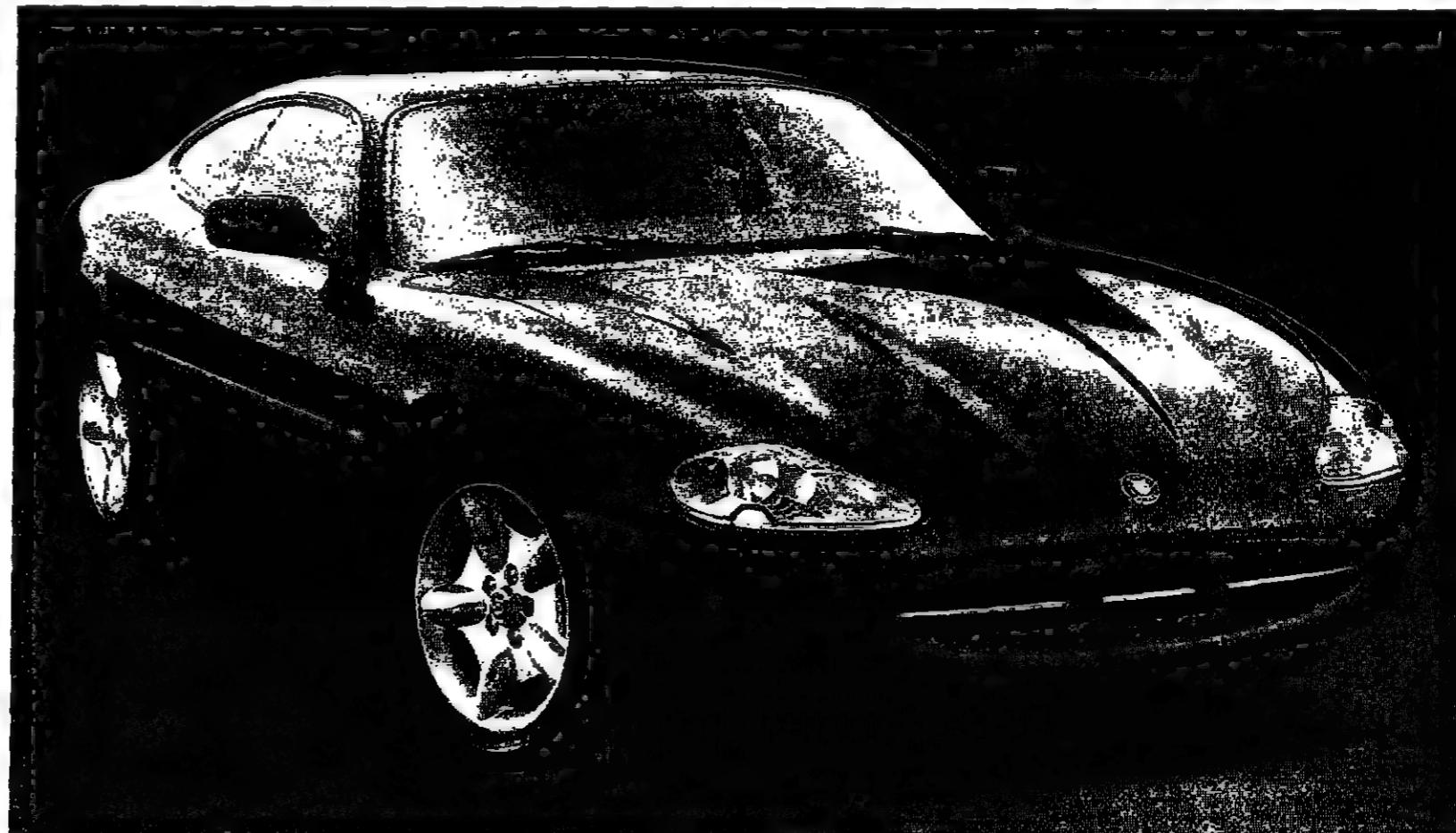
The XK8 is a beautiful car; an automotive blood horse, to turn heads in town and set miles on the open road. A 300 horsepower, 4-litre V8 engine from Ford's factory at Bridgend, Wales, drives the rear wheels though standard automatic transmission. An average 20mpg (14l/100km) is said to be achievable and a pair of vestigial rear seats is provided for the children.

Ford, which owns Jaguar, is thought to have Mercedes-Benz SL buyers in its sights but XK8 could also be a far cheaper alternative to the DB7 from Ford's other posh marque, Aston Martin. XK8 prices will not be fixed until much later in the year but an educated guess suggests a £45,000 starting point - more than the six-cylinder version of the old XJS, less than the V12.

If, as seems certain, BMW's crowd-pulling Z3M roadster prototype goes into production, it must compete most strongly with Porsche. This small, ultra-sporting two-seater has a 3.2-litre, straight-six M3 engine producing more than 300 horsepower and massive amounts of



Mercedes-Benz E-Class estate. An even better load carrier



Jaguar's new V8-engined XK8 coupé. Soft or hard-topped, on sale later this year

torque (milling power).

Top speed is limited to 158mph/250kph but 82mph/100kph is achieved in less than six seconds from a standing start, which should keep the tyre trade busy.

Mercedes-Benz has pulled three new cars out of the hat - the C-Class and E-Class estates and the V-Class multi-purpose vehicle - and is giving its US-made AAV (All Activity Vehicle) its first European airing.

The estates are aimed at different buyers. Typically, the C-Class is for families who find a saloon's boot lacks space for, say, surfboards, sandies or a straw bale. But the new E-Class estate is a bulk carrier, bigger even than the current model and offering up to seven seats; the extra ones face backward and fold into the load space floor.

Both new estates reach

Britain in the summer; prices are expected to be about 10 per cent higher than those of the saloon equivalents.

The V-Class is no thing of beauty but offers what most of the current crop of multi-purpose vehicles lack - space for up to seven people plus a great deal of luggage. Nearest equivalent to this boxy looking Spanish-built vehicle is VW's commodious Caravelle, which is van-based, rather than a purpose-built MPV. The V-Class is even big enough to carry mountain bikes (and their riders) inside.

The AAV is Mercedes-Benz's second go at the recreational four-wheel drive market. The first was the G-Wagen, which rather missed its target because it was too ugly to appeal as a car substitute, too expensive for farmers to let the hired hands bang around.

Yet another entry into what

is becoming an increasingly

military looking, AAV would be ideal for hugging a horse trailer across a paddock or a boat up a slipway. It is, though, likely to be used on-road for most - in some cases, all - of the time. European sales are about two years away.

Altogether tamer and less

crowded European market for multi-purpose vehicles (MPVs)

is on the General Motors stand.

The Vauxhall (Opel) Sintra, first of the marque to be designed and built in the USA, is only 8in (20cm) longer than a Vauxhall (Opel) Vectra but carries up to eight people plus baggage.

It has dual sliding doors for

centre and rear passenger access (like the Citroën Synergie/Fiat Ulysse/Peugeot 806) whereas on the Ford Galaxy/VW Sharan, they are conventionally hinged.

Performance of this rival for

the new Chrysler Voyager (due

with right hand drive by

autumn) is said to be car-like,

with class-leading aerodynamics, fuel economy and performance.

Initially there will be

two petrol engines, a 3-litre V6

and 2.2-litre four-cylinder, with

a diesel alternative by mid-

1997. Also on the GM stand is

the Vectra estate which was

given a sneak preview at the

London Motor Show last Octo-

ber and goes on sale before the

end of the year.

Acronyms are in the air at

Geneva. Apart from the

Mercedes-Benz AAV there is

Access, which stands for Au-

minus-based Concept of a Co-

Emissions Saving Sub-compact

car. This brave and tongue-twisting effort is from the design and engineering arm of NedCar, a joint Mitsubishi-Volvo controlled Dutch con-

cern currently manufacturing

the Mitsubishi Carisma and

Volvo S40/V40 cars.

A futuristic one-box design,

Access resembles a squashed

down MPV and is made largely

from aluminium alloys and

plastics. Reduced CO<sub>2</sub> emis-

sions are achieved by light

weight, excellent aerodynamics

and an advanced petrol engine.

A fuel consumption of around

50mpg/6.1/100km is claimed.

Unlike many of the way-out

concept cars that cause a stir

at shows and are never heard

of again, Access is a proper

working prototype. A small

evaluation fleet will be on the

road within months. Its origi-

nators say they are thinking in

terms of 100,000 units being

made each year, though not

necessarily by Mitsubishi or Volvo. I would not put money on a mystery backer appearing, though the concept is interesting.

Also making a show debut at

Geneva are Citroën's Saxo,

which will eventually replace

the AX, and a new Legend,

which Honda thinks will

seduce current users of the

BMW 3-Series, Mercedes-Benz

E-Class and Lexus GS300.

Honda says the luxury car

market is changing, with buy-

ers seeking restrained elegance

and supreme levels of build

quality.

A famous badge and a long

heritage are no longer the

prime requirements," it notes,

ominously. In Europe, I reserve

judgment, but this has proved

true in the US.

■ The salon is held at Palezzo,

near Geneva airport, and will

be open daily until Sunday

March 17.

Gardening / Robin Lane Fox

## Great and classy snowdrops

of more than 35 variations on the basic celandine.

Celandine is notoriously invasive and single-flowered plant will spread in any soil which is not too hot and dry. This invasive manner is a shame because the flowers are enchanting and seem immune to pests and heavy spring rains.

After flowering, the leaves tend to disappear by the end of May, having brightened our lives when beauty is scarce at ground level. Ranunculus ficaria is a lovely thing but not for tidy gardeners or confined spaces.

The large exhibit by Rowden Gardens adjusts the usual view. Dozens of celandines have been named and selected and there is much more to life than the one which gardener Christopher Lloyd called Brazen Hussy, partly in honour of its purple leaves.

It has turned out to be rather a menace and I concluded that even the named forms will run wild if let off the lead. In fact, there is an easy answer: choose the celandines which have infertile, double flowers and which will not seed themselves all over the place.

They are not well known, but Rowden has small stocks of some wonderful possibilities. Pictoria Double, in yellow, Bowles' Double, with flowers like small yellow daisies and even one called Double Mud, which opens to a shade of cream and then veers towards yellow. They derive from the National Collection, now held on the nursery, and have enabled the holders to compile a list with full descriptions based on observation. This

basic work of reference is available for £5 from the Breton address.

I think it is well worth the price, because these better-behaved celandines will fit easily into any lightly shaded bed which is not too dry in a normal summer. They would look charming in a London front garden, like white and yellow stars beneath the inevitable Fatsia and early camellias.

Perhaps you prefer something simpler or more dramatic. The most dramatic sight of the show was a spectacular new daffodil, shown by Potterton and Martin, from Nettleton, Caistor, Lincolnshire.

Their list is one of the most remarkable in circulation and they should always be a first stop for readers who want something extra-special among bulbs or smaller rock plants

## FOOD AND DRINK

**W**hen André Michelin visited a garage in France in 1920, he was horrified to see the misuse of the hotel and restaurant guide his company had been distributing to customers for free. It was helping to prop up a table. From that moment on, he resolved to start charging for the book.

Since its first appearance at the turn of the century, the *guide rouge* has evolved into a national institution almost as indispensable to the French as the pneumatic car and bicycle tyres pioneered a few years before.

Long before publication of the 87th edition, which went on sale on Wednesday, the country's media were full of speculation about winners and losers of the coveted three-star rating.

When it was confirmed this week that the famous *Tour d'Argent* in Paris was among those downgraded, the news went on the back page of *Le Monde*, the respected French

## Guide that's a national institution

Andrew Jack looks at how Michelin's red book reflects the French love of eating well

afternoon newspaper.

There was equally substantial coverage a few weeks before, when Pierre Gagnaire, chef of the three-star restaurant in St Etienne which carries his name, sought protection from his creditors after running into financial difficulties, and asked Michelin to withdraw its stars.

An opinion poll suggested that 16 per cent of the French had consulted a culinary guide in the last 12 months, and for two-fifths of those it was Michelin. Pre-sales of the latest edition total more than 600,000 copies at FF145 (£18.60) each. There is little doubt that they take their cuisine seriously.

The first edition of *Guide Michelin* in 1900, offered free of

charge, was an integral part of the company's pioneering involvement in the development of road travel and tyre consumption.

In a similar vein, it would go on to fight successfully for a new national road numbering system, and even manufactured road signs itself until the 1970s.

According to Bernard Naegelen, who is responsible for the guides at Michelin, even today the high research and production costs of the book mean it is only modestly profitable, and a few tens of thousands fewer copies sold would drag it into the red.

The original 400-page guide was designed to provide all the information that would be "useful to a driver travelling

in France, to fuel his car, repair it, permit him to be lodged and fed, and to correspond by post, telegraph or telephone."

Apart from the advertisements - which were dropped when the company began charging for the guide in 1920 - and the detailed introduction on how to inflate and change tyres, it resembles the contemporary guide closely.

There are road plans, comprehensive listings and a series of detailed symbols including three stars for the top-range hotels, where meals and wine included, the bill could run to more than FF143 a night.

Yet it was only in 1928 that the single star made its appearance in the modern

sense for the best restaurants, followed by the introduction of two and three-star ratings in 1931 - and only in 1933 for Paris, which was ill-served in the first few editions of the guide.

Michelin's operations, from the way it manufactures tyres to - until the start of this year - the names of its senior executives.

He says that Michelin employs full-time inspectors to travel the country eating in every restaurant and staying in every hotel each year to ensure that the information is up to date. But he will not reveal how many the company employs.

In the same vein, the inspectors must pay for their meals, and not identify themselves when they eat in a restaurant - or at least not until after the bill has been settled.

He says they are recruited "after they have already had some experience of life" at about the age of 30 from

among the 1,000 or so unsolicited applications received each year. Not surprisingly, they often tend to stay until retirement in spite of the hardships of being on the road for nine months of the year.

What they are seeking primarily is top quality, creative food that reflects the chef's personality, as well as service, an attractive decor and a range of top quality wines.

Good ingredients and a large number of staff cost money, he adds, so three-star restaurants are never likely to be cheap.

Yet he argues that the top meals probably cost less in relative terms today than in the past. He also believes that the ratings are more rigorous than in the past, and that chefs' creativity has become a trade-

mark, replacing the pre-second world war tendency for all restaurants to offer the same grand classics of French food.

In a reflection of the more difficult economic environment of the last few years, he stresses that the guide makes great play of value for money.

Of the 3,688 restaurants in the latest guide, 1,572 have a fixed-price menu for less than FF150.

And how does he justify the fact that there are just four three-star restaurants in the UK and Ireland?

"To have a good restaurant, you need good products, a top chef - and also chefs who appreciate the food," he says.

"It's pointless having the best restaurant in the world in a desert where the only customers are cormorants."

"It's a bit of a caricature, but in England people discuss the weather, and in France they talk about food. You see old ladies exchanging recipes in the street, and customers chatting about different ways to make a particular dish. It is extraordinary."

Giles MacDonogh visits Austria and discovers some great schnapps and a strong and healthy tradition of refreshingly rustic cooking

## A fruity tradition is kept alive

**W**ith one or two notable exceptions (such as Etienne Branc in the Pyrenees), the best fruit schnapse, or *eaux de vie de fruits* if you prefer, come from central Europe.

I see a few hands raised in the back row and I presume you want to remind me of Alsace. Yes, Alsace has been politically part of France for 300 years (with short interruptions), but in many ways it remains culturally part of the German block.

If we wanted to be more specific we would say that the best schnapse came not from any old corner of the German speaking world, but from the Alemannic bits. The dark-haired, brown-eyed Alemanns were the tribe which populated Alsace, South Baden, Württemberg, the German-speaking east of Switzerland and the Vorarlberg in Austria.

In Alsace, French politics has largely defeated German culture at least as far as schnapse is concerned. Attempts to stamp out the home distilling tradition has thinned down the number of producers or *boutiqueurs de cru* to a handful. Many of the wine houses who claim to make their own only buy in from industrial producers whose products are far from reliable.

This is not the case in Germany.

In the famous winemaking village of Durbach, in Baden there are 350 *schnapsbrenner* and only 320 grape growers. Good schnapse seems to grow on trees. When a hotelier friend from Württemberg visits these shores, he brings me wonderful wild cherry and plum schnapse which he buys locally and bottles himself. Sadly, he will not tell me precisely where he gets them from.

In Austria great schnapse is distilled all over the country, and not just in the Alemannic Vorarlberg. In the past few years schnapse has become rather fashionable with some producers achieving something like cult status in the world of food and drink.

The rest was chiefly Alsatian. Marcel Deiss, for example, is considered one of the region's top wine-makers. Lea and Sandeman (tel: 0171-376 7407 for branches) stock his *eaux de vie*. I much admired a pretty mirabelle plum (£1.74) which reminded me of a fruit tart, but the Kirsch smelled more of fish paste than cherries, and I assumed a foreshots problem.

A few weeks ago I was in West Styria, a strange, lost region on the Slovenian border, which is famous for its Schnäpse: thin, sharp rosewines. I had tasted a dozen or so, and my teeth were beginning to smart. Someone suggested I might like to meet the region's star schnapse distiller. I needed little encouragement: we piled into the car and sped off through the snow to Wernersdorf.

The setting scarcely prepared me for the sophistication of the operation. Here was a little museum devoted to distilling containing any number of ancient stills, some of them made from copper, others ceramic. Everything was very neatly set out and well-captioned. Even more surprising was the distiller herself: Waltraud Jöbstl, a small, frail looking woman and a mother of six.

**B**ottle after bottle came off the shelves to demonstrate just why Frau Jöbstl has picked up so many prizes at *Destillate*, the country's annual schnapse fair in neighbouring Carinthia. They were served slightly chilled to bring out the best of their pure fruit character: three different apples, all with different tastes - Arlet, Golden Delicious and McIntosh; a Styrian pear and a Williams, the latter one of the best I have ever had - like a perfectly ripe piece of fruit which you have just sliced in two. It was followed by a quince which was almost as sensational and two superiative cherries, wild and tame.

Once I got home I wondered whether it was possible to obtain something of this quality in Britain. Not much was available and I was not greatly impressed by some Slovenian samples from Fructal (Selfridges), which seemed to have been started up to cover up for the rawness of the spirit.

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I much admired a pretty mirabelle plum (£1.74)



Cafe society: the old town in Innsbruck. Austrians still enjoy their schnapse and their Schnitzel

## Where to find no-nonsense earthy food

**F**or the most part Austrian food is refreshingly earthy. In the Lyonnais region of France they may boast that they have made the pig "the King of Base Beasts", and found some culinary use or other for every one of its organs, but in public places, at least, a more refined approach reigns: veal, turbot and lobster continue to dominate the menu.

Austrian food is very Austrian. I may have spotted a Chinese restaurant in the astonishingly rustic region of south Burgenland, and there are plenty of Italian restaurants in the capital, but anyone who goes into a *Beisl*, the place where most Austrians fill their bellies, will see that foreign influences are few and far between.

It is no place for vegetarians: even the carnival doughnuts are fried in pork fat and every meal is a lesson in porcine anatomy. One of my favourites is the *Bosnisch*: head and lights. In the best places it will be delicately presented in a wine and cream sauce with an obligatory *Serviettenknödel* (a dumpling steamed in a napkin). In such cases it is often veal, rather than the more bona fide pork.

The use of veal often verges on false gaudiness. The text books will tell you that the *Wiener Schnitzel* is made from veal escalopes. In reality you must intone, loudly and clearly, "rom Kalb", if you desire such a thing. The usual schnitzel is pork, and the Viennese test its quality by counting the bumps and bubbles in its breadcrumb coat.

The *Wiener Schnitzel* is a porky anthology: black pudding or *Blaue* is flanked by fat bacon or *Speck* and a *Grammlknödel*, a dumpling the size of a tennis ball filled with pork scratchings. Out in the country the food in the rural inns is often cold: braun and *Speck*, black pudding and *Grammschmalz*, where the same scratchings are set in the bowls of dripping oil spread on the rye bread or rolls.

Most Austrians are proud of their food and are happy to give you details for its preparation. In West Styria recently I was obliged to write down the recipe for *Verhack*, a hard, fatty spread made from pork back fat hung up to dry.

Only once have I been defeated by an Austrian dish, and that was the *Herr mit Es* I ordered in a Viennese *Beisl*. It turned out to be a brain omelette: the texture of the brains melting into that of the softly fried egg mix. It need an element of crunchiness. Like that it was too cloyingly soft.

My favourite Viennese *Beisl* is the Gmein Keller in the Heumarkt. Not so much for the food (although Frau Mitzi's liver has its fans), but for

the two old women, who run it. Not so long ago Chancellor Vranitzky paid an unscheduled visit to the place which had been familiar to him in his childhood.

He found it closed for a private party. Frau Gretl went to the door and unlocked it. She looked at the chancellor's dinner jacket and said: "We're closed, even if you are a member of the philharmonic."

On the south eastern fringes of the country there is a fondness for soured cream of a pungency unknown in our supermarkets. At a new hotel in Bad Tatzmannsdorf in Burgenland I was overwhelmed by the smell of rotten milk emanating from my soup bowl. It tasted pretty good, however.

It would be wrong to suggest that Austrian food was totally closed to innovation, both good and bad. An example of the latter, which must have drifted south across the German border, was a dish of lobster cooked with mint and white peaches, which a wine maker in Göttlesbrunn told me he had experienced in Vienna recently.

**W**ine soups were possibly invented in the Wachau. They combine wine with good stock and cream and can be astonishingly affluent.

Styrian food enjoys a great reputation in Austria, but it is hard to experience in restaurants in the region, which are few and far between, and often shy away from some of its more rustic tenets.

Not so Steirereck, generally agreed to be Vienna's best restaurant (713 5188 2) Schloss-Schloss before wine. This is the place to experience fattened goose livers done in an Austrian style: a superb *Kalbsleber*; calves' liver and tongue in a rather sweet orange sauce; or even a *Wiener Schnitzel* (admittedly rom Kalb).

Being Austria the puddings are a *tour de force*: they come in waves like infantry assaults. Only one disappointed me on my last visit: the *Mohnkuchen*. These were little spaghetti-like strips of potato flour pasta dressed with butter, sugar and poppy seeds, and way, way too refined. Anyone who seeks to know the best *Mohnkuchen* must go to the modest *Stuhlhof* in the old walled town of Eggenburg (02384 3382) in the Waldviertel.

There is no question of elegance here: the dish is visually unappetising: it looks like so many fat worms under the contents of an upturned ashtray, but, the taste is wonderful. This is no nonsense, earthy food such as you rarely find in our over-sanitised continent.

## Need a (non-alcoholic) drink?

**S**o it is Lent, and a number of readers will be asking, where can you get a decent drink round here? The answer - for those who are trying so hard to avoid alcohol for the next couple of weeks - is pretty grim. To try and tide you over, here are some recommendations from what used to be called Fleet Street:

- An American Ginger Ale on ice which sometimes looks like whisky, is dry enough to act the role for a few minutes;
- a double-tonic-on-ice with double-lemon plus double bitters, can briefly conceal the absence of gin or vodka;
- a very Virgin Mary, with double Worcester Sauce and ice, can stand in for a Bloody Mary, at least once;
- some of the non-alcoholic

wines, such as Eisberg, are briefly tolerable if they are very cold;

- the non-alcoholic beers are never tolerable, at whatever temperature;
- some of the fancy herbaceous concoctions are worth trying, if you can afford them. Aqua Libra is the most drinkable, especially in its "Dry" version (which is very hard to find). Amé makes much play of its exotic herbs from east or west - boasting of both Asian ginseng and Brazilian Rainforest whatever - but is too sweet for wine palates. Purdy is evidently a "health" drink targeted on yuppies staggering out of their gymnasias, but tastes OK so long as it is cold. Experiment with the others, of which there are many;
- on a cold day, Norfolk

Punch can make a good pretence at a mulled red wine;

- herbal teas, hot or cold, are best tried, for newcomers or non-believers, at:
- double-strength-in-the-mug;
- plain PLJ lemon juice must be as sweet as you can take it;
- old-fashioned fruit juices: the "new" Florida-style crushed-fruit versions have surely taken over for good, and some of the apple juices in health stores are especially good;
- in tropical parts they have various versions of a "rock shandy", which contains in a long glass, differing proportions of soda, bitters, lemon, lime, ginger beer, greenstuff and, always, lots of ice;
- effervescent Vitamin C is very refreshing and allegedly good for you: not more than

JDF Jones

Chef Jean-Christophe Novelli is offering his three-course Mothering Sunday menu at the Four Seasons Hotel Mayfair, London W1, on March 17 and May 12. How come?

Well, although Britons treat their mums on the March date, Americans celebrate later. I think this is called "not missing a trick" in the American trade.

However, there is a choice of four dishes per course on the £35 menu including coffee, *petits fours*, service and VAT.

A typical choice might be asparagus soup with poached quail's egg and truffle oil, salmon and langoustine mousse in a pancake served with orange and vanilla sauce and, what else for dessert but mom's apple pie? In this case the tart Novelli makes in honour of his own mother.

Goose foie gras weighing about 210g costs £39.80. An

## Appetisers

Talk to Vincenzo Paolini, the Four Seasons Restaurant manager, if you have any special requests - perhaps a big family table, flowers etc. For reservations ring 0171-499 0388, ext 3172. JDF Jones

■ UK readers who are regular Channel hoppers will be familiar with the Comtesse Du Barry range of regional French foods.

Cassoulet, ham and venison *grand veneur* or jugged hare with pepper sauce are just some of the company's prepared dishes. Now its products are available in the UK by mail order from Quintessentials Europe, of Anson Road, London NW1.

Goose foie gras weighing about 210g costs £39.80. An

because young people are reluctant to take on such a time-consuming job.

There are still a good many left, with their zinc bars and moleskin *banquettes*. *Le Petit Lebel* (Julliard, FFR68) is a guide to Parisian bistros. It names 310 establishments, including 150 addresses where you can eat, all in, for under £150. It is certainly a valuable *vade mecum*.

My only approach would be that Claude Lebel has created a confusing category called *bistro modernes des cuisiniers malins* (modern bistros with cunning chefs) which is really more about good restaurants than bistros. On the other hand he lists enough traditional places with their *berlings*, *egg mayonnaise* and *beef goulash*, to give you an idea of what it used to be like.

Giles MacDonogh

deaux  
anted

## FOOD AND DRINK

# Use your loaf and ignore the snobs

Philippa Davenport knows how to offer more than crumbs of comfort

**F**oodies have gone back to basic with a vengeance. The more fundamental the ingredient is, the more likely it is to fall victim to cult trends and designer treatments.

Olive oil, bread, salt and water - once regarded as nothing more or less than basic essentials - have all been put on high altars.

Britain's excellent Maldon salt is now spurned as a seasoning by some food snobs in the UK who insist that only highly priced imports from Guerande or Noirmoutiers are worthy to adorn their kitchens and tables.

These same people may spend hours choosing (and many pounds on buying) estate bottled olive oils from all around the Mediterranean.

Their choices are determined by their tastebuds, they say, but it is hard to escape the conclusion that the impact of bottle and label sometimes counts for more than the quality and character of the contents of the bottle.

Once water came direct from spring, well or tap, and was brought to table in a jug. Now bottled water is the norm and drinkability is not the sole criterion by which the liquid is judged.

The fashionable Perrier boom, which began it all, is over. Nations large and small, with or without spas to boast about, have got in on the bottling act. The English, the Irish and the Scots all bottle water and export it with varying degrees of success, but the Welsh are current champions.

The choice now is huge and new bread products continue to flood onto the market. Some scream originality for originality's sake, and second-rate bread with novelty bits in it still sells far better than it deserves to. But average standards are vastly improved, some excellent breads are to be found - and occasional new gems.

One distinguished recent arrival is the Borodinsky loaf, a Russian sourdough rye bread made with malt, molasses and (this is what makes it a winner for me) coriander seed. The result is dense without being heavy, and marvellously fragrant.

The rye flour is organic, so Borodinsky is suitable for coeliacs and those who suffer from other food intolerances. Made by Andrew Whitley's Village Bakery at Melmerby in Cumbria, it is stocked at selected branches of Waitrose and independent bakers.

Spread with a bit of best unsalted butter, I rate it the perfect accompaniment to such fish as lightly pickled herring and smoked eel. Try it, too, for banana sandwiches.

My other happy recent discovery is Bibanese. In fact I admit to a minor addiction. Commercial breadsticks or grissini are usually deadly dull: sawdust dreary wands as dryly identikit as pencils in a pencil case.

They are crunchy, light and full of flavour, made with character, enriched with extra virgin olive oil, lard (what bad luck for vegetarians!) and a light sprinkling of sesame seeds. Look out for them at selected Tesco stores round the country.

Too good to waste on dunking and dipping, Bibanese are just right on their own as an anytime snack or to partner

pre-prandial drinks, though I do not suppose I would say no if offered shavings of classy prosciutto to wind round them or crack-cut chunks of Parmigiano to nibble alternately with them.

Cabatta is hardly new in the UK, but good examples of it are very good indeed and it is an admirably versatile bread. Here is one way I particularly like to use it.

**MUSSEL TRENCHERS**

This is essentially a variation on *moules à la marinère*. The mussels are shelled, the vegetable quota is higher and the mixture is piled on slabs of oiled and toasted cabatta to sop up the fragrant juices and to add substance to the dish.

Chop the celery stalks,

Quantities will serve two people generously with cheese and fresh fruit or sorbet to follow, or four people as part of a more elaborate menu.

1 kg of mussels; 125 g cabatta bread; 3 tablespoons olive oil; 3 shallots; 100 g celery (as much leaf as possible plus tender inner stalks); 1 garlic clove; 3 tablespoons white wine or very dry cider; 3 tablespoons chopped flat leaf parsley; a good pinch of thyme; a parsimonious pinch of dried chilli flakes (optional).

Clean the mussels using several changes of water; discard any that are damaged or do not close when smartly tapped.

Bring the wine or cider to

the boil. Add the cleaned mussels, cover tightly and cook over fairly high heat for 4-6 minutes, shaking the pan or turning the ingredients now and then, until the molluscs gape and are tenderly cooked.

Strain off the juices (there should be 200-250 ml) pouring them through a sieve lined with damp butter muslin to extract any grit and add them to the vegetable pan. Discard any mussels that have not opened; shell the rest. Bring the vegetables and liquor to the boil. Turn the crumb over the surface of the crumb to flavour the bread. If the dish is to serve four people, cut each toast in half. Keep the toasts warm in soup plates in a low oven.

Return the wine or cider to

the boil. Add the cleaned mussels, cover tightly and cook over fairly high heat for 4-6 minutes, shaking the pan or turning the ingredients now and then, until the molluscs gape and are tenderly

cooked.

Cut the bread horizontally in

half and toast it crust side up under the grill until hot and lightly browned. Turn the bread over. Paint the crumb with the remaining 1 tablespoon of olive oil and grill until crisp and golden. Cut the garlic clove in half, rasp it over the surface of the crumb to flavour the bread. If the dish is to

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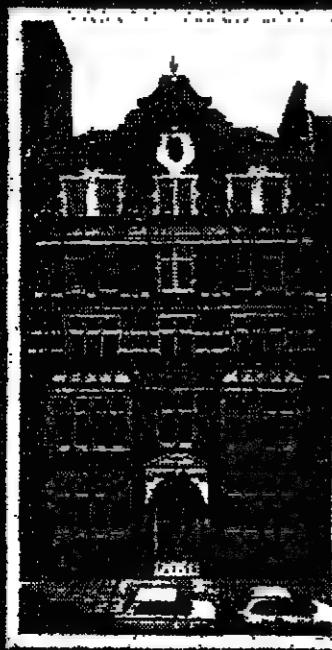
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## PROPERTY

# A revolution in city building

Gerald Cadogan looks at office-to-home conversions

In London a social revolution is under way. People are moving back to live in converted office and industrial buildings in the City and surrounding areas.

The trend started in 1992, in the recession, when Manhattan Lofts offered shell apartments in a redundant Art Deco print works in Summers Street in Clerkenwell, EC1, just beyond the north-west corner of the City boundary – and sold 80 per cent off plan before rebuilding.

New residents, mostly young professionals and people in the media, had fit out the spaces themselves.

The idea has redefined living in central London away from mansion blocks or converted terrace houses in the western part of town. Restaurants follow child-free residents. Then come shops.

Life returns to a part that had been dying at nightfall, although it used to be famous as an urban village (known as Little Italy). That is happening again, and the new residents walk to work – good for mind and body, and more pleasant than the Underground.

Summers Street started a vogue

for shell conversions, but the recycling of commercial space has now moved beyond selling blocks of space and laying on central services.

On the south edge of the City, across the river, Manhattan offers fitted apartments as well as shells at Bankside Lofts in a former factory. It has a good site; between the Financial Times and the Daily Express, close to Southwark station on the Jubilee Line extension, and next to the Tate Gallery (Bankside), which is recycling the monumental power station.

Finished flats are the answer for those who do not have the energy and time to fit them themselves. They may also be cheaper in the end, since the developer can do the work for less than a private person.

Many full conversions of old buildings are now under way in Clerkenwell, and some inside the City line. In Clerkenwell, Islington council has proved a pragmatic supporter, preferring that buildings are used rather than lie empty and risking the old idea of mixed commercial and residential use.

Just being relaunched La Rochette restaurant in Clerkenwell Green

It also helps borough funds, says David Salvi, of the Bloomsbury office of Barnard Marcus. They get more council tax. He had first thought that a change to residential use would be a loss, since council tax is much less than business rates. "But it is not so. Boroughs only collect that money. They do not keep it."

Rejuvenating Clerkenwell and the City is not a new idea. That was the post-war aim of the City Corporation in developing the Barbican, which includes education, leisure and cultural space as well as residential. The plan is a qualified success, partly because many dislike the brutal concrete and cold, draughty spaces of the design. But all agree on its convenience.

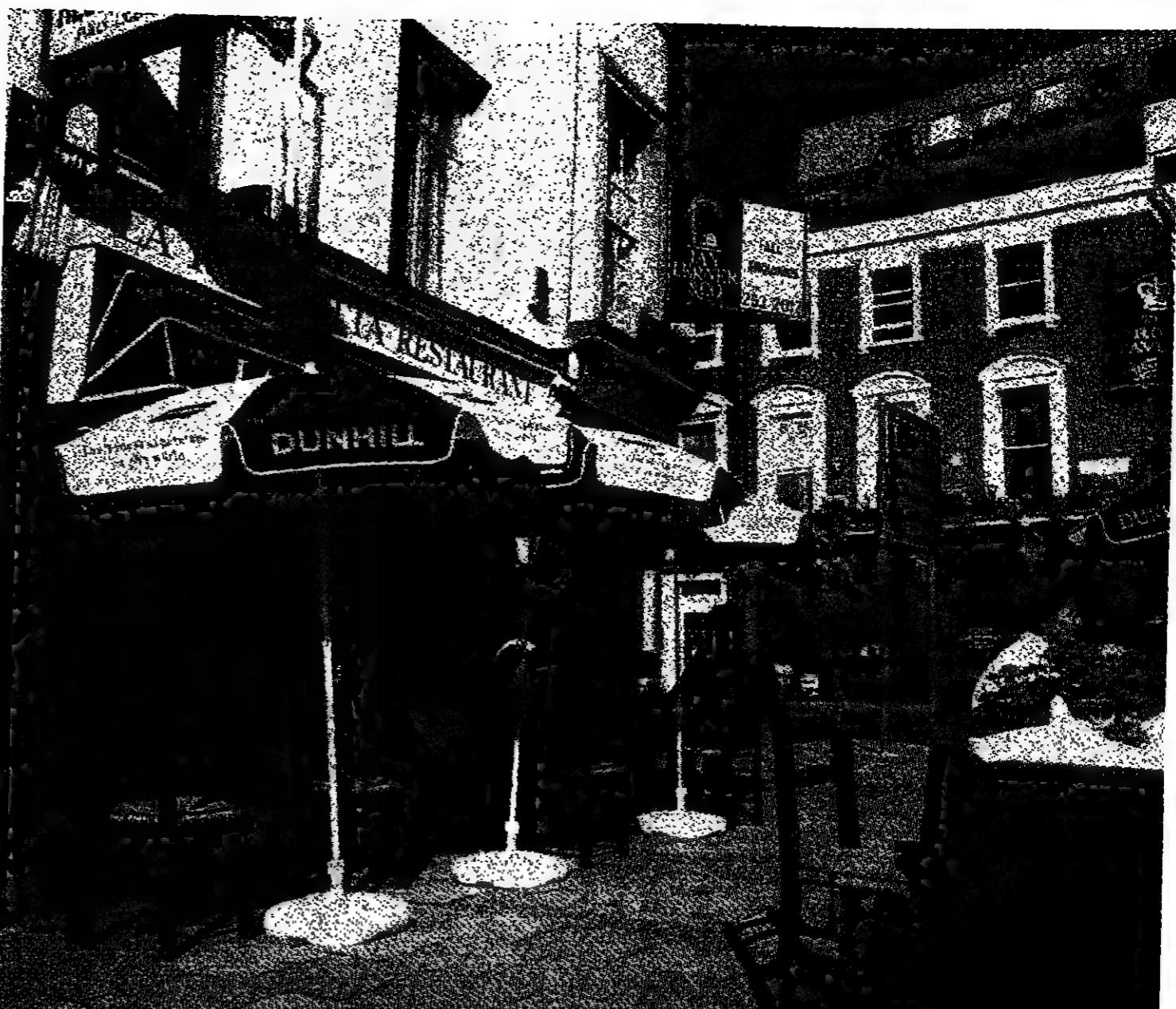
Docklands is the other big influence. It has pulled London's centre of gravity eastwards. Docklands also shows the demand for housing close to the City, and how to reuse redundant buildings. On the river these are warehouses. Elsewhere, they are mostly small factories or office buildings. In the huge demand for offices in the 1980s values peaked at £200-2400 a square foot in 1989 in Clerkenwell.

Then a glut arrived – at the same time as recession. Prices came down to £50 a square foot in 1992, said Alfred Buller, of Bee Bee Developments. Suddenly, a change to residential use became financial sense.

It still is. Savills Residential Research estimates that 84 per cent of current developments were previously non-residential. In the City and midtown area (EC1-EC4, WC1-WC2) the figure is 100 per cent, and Savills knows of more than 50 schemes that are being built or have planning permission or have applied for it. Many are small sites.

Besides private housing, the buildings can also turn into student hostels, social housing or hotels – as will happen to Pearl Assurance's building in Holborn. It is an attraction also of these ex-commercial buildings that no two are the same, unlike London's conventional terraced streets.

Bee Bee is redeveloping the 8 acre Clerkenwell Estate (which it bought from the Governors of Sutton Hospital in Charterhouse). This large scheme will maintain existing com-



Just being relaunched La Rochette restaurant in Clerkenwell Green

mercial use on the main road frontages and on the ground and first floors of buildings, while making upper floors and side street buildings residential.

Living over the shop – which ensures a good social mix – is returning to Clerkenwell. The first developments are at 26 Dellington Street, until recently a vacant print shop. It will have flats and maisonettes priced between £26,000 and £165,000 and, at 16 Great Sutton Street, Bee Bee is making flats on the top three floors (at £170,000-£220,000). The next two will stay commercial, and the ground floor should have a restaurant. The agents for both ECI schemes are Kerr-Gilchrist and Jarvis Keller.

Among other City-fringe schemes being launched this year are 14 flats in North Mews, WC1. Barnard Marcus and De Groot Collis are agents. The grandest conversion yet is to be launched in May. Manhattan and Berkeley Homes (Kent) are turning New River Head on Rosebery Ave-

Nearby 8 Northburgh Street illustrates the recent rise and fall of commercial property in the area. Five years ago it was refurbished for commercial use – but it has never been used. Now it will have 13 flats (£165,000-£225,000) on the first floor and above, reached by an impressive marble entrance, with a gym in the basement. The developer is Sky Properties, and the agents are Hamptons and Jarvis Keller.

Among other City-fringe schemes being launched this year are 14 flats in North Mews, WC1. Barnard Marcus and De Groot Collis are agents. The grandest conversion yet is to be launched in May. Manhattan and Berkeley Homes (Kent) are turning New River Head on Rosebery Ave-

ue, EC1, into 129 flats (£100,000-£200,000). Next to Sadler's Wells theatre (which has just received a £20m grant), it was the headquarters of the Thames Water Authority and designed to show the nobility of water. This 1820 French chateau-style building, listed grade II, is awash with marble and mahogany and has a glazed barrel-vaulted marble-columned Revenue Hall and an oak room with 17th century panelling.

In the City Banks is already selling units of plan (from £135,000) in the new-build Cobalt Building in Bridgewater Square, EC2. Just across the boundary, Pembroke House, a 1960s office building in Bunkhill Fields, EC1, goes on sale

later this year as 80 apartments with views across the public gardens and the neighbouring Honourable Artillery Company. Inquiries to De Groot Collis or Savills.

These developments are "a massive change of thought", as Bee Bee's Buller says. By combining the interests of the City and its neighbouring boroughs to offer life and leisure on the office doorstep, they will help to keep the City to the fore of the world's financial centres.

Barnard Marcus, 0171-763-2732; De Groot Collis 235-3090; Hamptons, 226-6388; Jarvis Keller, 251-9226; Kerr-Gilchrist, 481-0008; New River Head 228-3110; Savills, 7300322. All telephone numbers have an 0171 pre-

fix.



The newly refurbished offices in Northburgh Street, London, EC1

## History on the move

Judy Dempsey reports on the shifting fortunes of Potsdamer Platz

Every day for the past few months, Berliners and tourists have gazed through a fence at a group of workers. Defying the bitter weather, the visitors seem mesmerised by helmeted men who are methodically digging into a neo-Baroque room on Potsdamer Platz, Europe's largest construction site.

But this is no ordinary building site where stacatto tea rooms are bulldozed to make way for concrete office blocks. What the visitors are looking at is a section of the Grand Hotel Esplanade – a part of Berlin's turbulent history – which will be moved and relocated 70m down the street next week.

It was here that Wilhelm II, Germany's last Kaiser, left the ladies after dinner and withdrew to the *Kaisersaal* to entertain his male companions; where Charlie Chaplin and Greta Garbo performed during the inter-war years; and where Hermann Göring frequented the salons before the second world war broke.

The building site is different for another reason too. Part of this luxury hotel, built at a cost of Reichsmark 23m, an enormous sum then, and opened in 1908 to much fanfare, had survived the Allied bombing raids during 1944 – unlike so many other fashionable establishments of pre-war Berlin which

had been completely destroyed.

It also happened to be located on the borders of the site of the Esplanade Hotel.

But little did Sony know that when it bought the 23,500 sq m

site from the Berlin Senate soon after the wall collapsed in November 1989, it would have to preserve the Esplanade.

The German-American architect Helmut Jahn had little trouble integrating the hotel into his designs which include a cinema centre, a film academy, restaurants, apartments,

shops and offices. But the problem was that the *Kaisersaal*, the Kaiser's breakfast room, and a small toilet – all of which are beside but separate from the hotel itself – stood in the way of building the new Potsdamer Strasse.

John and Sony could hardly knock down these buildings. Berlin's environmentalists and conservationists would not have tolerated it. And Berliners, who have mixed feelings about the way their city

has changed since unification, and who constantly complain about how traffic is being disrupted by the construction, wanted to show the planners they had no cards blanches to develop every square metre of the German capital.

Attuned to the political – and often provincial – climate of Berlin, Sony embarked on a mammoth task.

Later this month, those gazing through the fence at the helmed construction workers, will see the *Kaisersaal*, a neo-Baroque edifice, moved 70m westwards at a cost of DM50m (£22m).

And, what a sight! The *Kaisersaal*, weighing 1,800 tonnes, will be wrapped in a massive girth of steel to keep it intact. Thick steel girders, measuring 2.5m, will shore up the base of the room, while added protection will be provided by steel shafts sunk 18m into the ground. The entire structure will then be moved along steel rails, at a rate of 42cm a minute, and relocated to its new home.

Berliners will not be able to frequent the *Kaisersaal* immediately. They will have to wait until 1998 when the Sony site has been completed. "But it will have been worth it," said Omnen.

Attuned to the political climate of Berlin, Sony embarked on a mammoth task

shops and offices. But the problem was that the *Kaisersaal*, the Kaiser's breakfast room, and a small toilet – all of which are beside but separate from the hotel itself – stood in the way of building the new Potsdamer Strasse.

You can see why this part of Berlin is a place which the conservationists want to preserve," said Edgar van Omnen, a manager of Sony, the Japanese electronics conglomerate which, at a cost of DM15bn, is building its new

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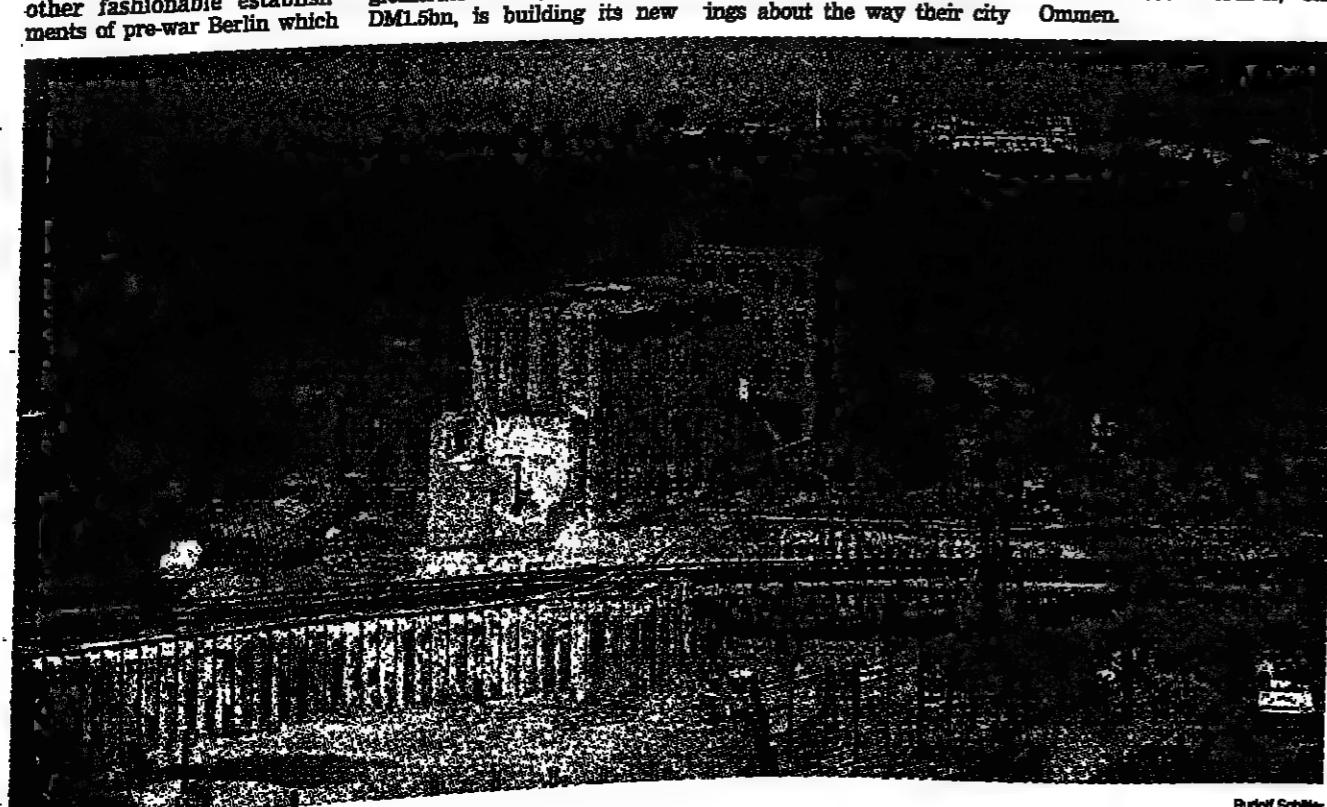
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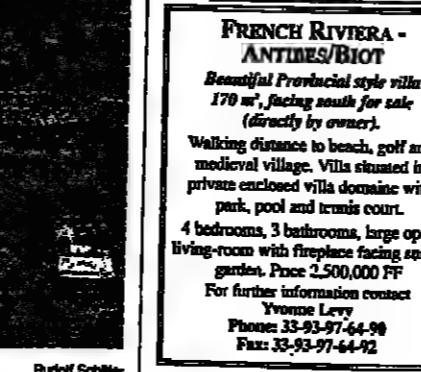
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### Weekend FT



Moving house: the Potsdamer Platz site in Berlin



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## BOOKS

# Programmed into the universe

Every serious look at the world quickly brings into view a dizzying complexity. Many things we would really like to understand apparently involve such a battery of effects acting on so many small components of some vast system that the mind reels. Global climate change and consciousness look like this: so do evolution, ecosystems, economies.

In the last decade or so, the view has changed. Scientists working on a whole range of problems have realised that the complexity is sometimes more apparent than real. They have shown how very complex behaviour can be generated when large populations of quite simple entities interact under the control of equally simple rules.

Typically, the simple entities exist inside a computer memory,

and the rules are part of a programme controlling a simulation of ants in a nest, neurons in a developing brain, species in a rain-forest or genes in a growing organism. The way the simulation evolves over time is compared with what we know of the real thing to see if the rules the programmer has dreamt up might help to account for the properties of systems which live outside the computer.

This emerging science of emergent phenomena has raised great expectations. Several breathless accounts of the new work have already helped swell the new wave of popular science books. Peter

Coveney and Roger Highfield's overview of this 21st-century science generally offers a judicious path through the hype. They make it clear which of these silicon-based worlds are still really toy models of systems whose important properties we have yet to grasp, which offer real insight. But they do not entirely succeed in providing a compelling read while they carry out this worthy task.

The two main virtues of this baggy book are also its vices. The authors, one a research scientist at Schlumberger's Cambridge laboratory, the other the science editor of The Daily Telegraph, describe how

**FRONTIERS OF COMPLEXITY - THE SEARCH FOR ORDER IN A CHAOTIC WORLD**  
by Peter Coveney and Roger Highfield  
Faber £18.99, 462 pages

the development of our understanding of complexity is intimately bound up with the theory and practice of computing. They also emphasise that the twin colossi of computer science, Alan Turing and John von Neumann, were among the first theorists of complexity, as

witness Turing's deep interest in developmental biology, for example.

But it was, one feels, a strategic error to conclude from this that their book needed to begin with almost 100 pages on the history of computing. This is conducted at a level suitable for readers who know absolutely nothing, which induces impatience in the more knowledgeable, as this tale has been told many times before, and usually better.

To describe Gödel's great theorem proving the incompleteness of any logical system without any attempt to explain how it works is selling both kinds of reader short.

Patience is also needed with the

main side-effect of the authors' determination to be even-handed, a relentless name-checking of every researcher who has published anything significant on complex systems. This eventually adds up to almost 250 people who warrant a single entry in the index, and makes some of the text more like an academic review than a popular book. There are a few rather half-hearted anecdotes about Turing and von Neumann, but there is no real sense here of what drives the research, or how it gets done.

The prose is competent, but rarely sparkles. This is a pity because there are many good things

here, especially in the chapters about the origins and evolution of life, and the possibilities of artificial life. But in the end, the book needs a stronger point of view to build on than the conviction that all this stuff is really interesting.

Many who are already interested in complexity will turn to these pages for carefully weighed judgments of who has contributed what so far, which claims are likely to prove justified, where real progress is being made. But that interest is more likely to be sparked by other, more selective books already on the shelves. They are undoubtedly more partisan, often less accurate, more sensational. But they are also more fun.

Jon Turney

## Porn and the pursuit of liberty

Jackie Wullschlager on the books that excited 18th-century France

When future historians try to understand our intellectual climate, will they dredge Margaret Drabble and Salman Rushdie out of the archives, or will they read Terry Pratchett and Joanna Trollope, bestsellers whose fictions – fantasy, Aga Sagas – encapsulate key ingredients of the 1980s sensibility?

In this splendidly original book, Robert Darnton has applied the latter formula to a study of cultural life in the *ancien régime*. While traditional histories tell us that before the Revolution the French read Voltaire, Diderot and Rousseau, Darnton has unearthed booksellers' lists and unofficial catalogues to reveal the books that really got the reading public excited: sexy shockers about priests and young girls, scathing political tracts, and scandalous tales about royalty.

All were forbidden books ordered in code, smuggled in from Switzerland or Holland by daring booksellers, and sold *sous le manteau*, or under the cloak. These libertine bestsellers, says Darnton, undercut the orthodox values of the *ancien régime*: their popularity tells much about the oblique ways in which public opinion is prepared for revolutionary change.

Two features make this book exceptional. First is the obsessive zeal of the author. Darnton has spent 25 years searching out forbidden books, publishers' letters, booksellers' accounts hidden in Swiss attics. His method is to focus on the minutiae, then to open up a discussion of pornography, capitalism, anti-clericalism. His reconstruction of rival booksellers in Montpellier rifling through each other's smuggled crates for salacious catalogues, driving pedlers on the fringes of their trade into prison, reads like a sequence from *Jean de Florette*.

As flawlessly, Darnton captures the contrasting tone of a classy north-eastern town like Besançon, where the chief bookseller pops over the Swiss border to chat philosophy with a publisher and brings home the odd additional volume, such as *L'Am 244*, a fantasy about democracy set in a future Paris. This is humanist school-

**THE FORBIDDEN BESTSELLERS OF PRE-REVOLUTIONARY FRANCE**  
by Robert Darnton  
HarperCollins £25, 440 pages

question and nothing was

Darnton is nostalgic for the pre-television age when books were read so intensely that they changed lives, and he shows how anti-clerical satires about lascivious priests weakened the church, how reading Rousseau's *Emile* "inspired lovers, spouses, and parents to reconsider their most intimate relations and... to modify their behaviour". On the other hand, much here suggests that basic human responses to reading have changed little in 200 years. One of the most eagerly sought forbidden books was *La Vie Privée de Louis XV*, which acquired something of the same popular currency as *Diana: Her True Story* did in 1982 and the *ancien régime* lost the final round in the long struggle to control public opinion". Darnton rarely points lessons, but an undertow of comparison between then and now constantly enlivens his narrative. With this unorthodox account of pre-revolutionary France, he joins a select band of contemporary writers who combine erudition with entertainment to make history at once popular and significant.



Botanical art is undergoing a renaissance. Shirley Sherwood has collected the work of 100 painters from throughout the world in "Contemporary Botanical Artists" (Weidenfeld & Nicolson £40, 240 pages). Pictured is "Beetroot", a watercolour by Australian artist Susannah Black.

## Cover-up conspiracy

The scene exulting "We've killed him!" The same woman was spotted earlier with Sirhan, whose presence in the kitchen was never explained.

His behaviour, including the diary" he kept and his lack of memory, bore the hallmarks of experiments in programming killers. None of this came up during his trial.

Cover-ups feed the fires of conspiracy, and the LAPD cowered up from the start. Whether hiding embarrassment, or merely incompetence, they did a comprehensive job. They browbeat witnesses, altered police logs and, after the trial, began to systematically destroy evidence, including 2,400 crime scene photos.

Dan Moldea came to the case as a researcher who doubted the official verdict. In conspiracy circles, apparently Sirhan was not always on the road to Damascus. Many hatchet-jobs begin with the dubious premise that the author intended to support the thesis he subsequently winds up attacking.

Moldea's starting point

**THE KILLING OF ROBERT F. KENNEDY**  
by Dan E. Moldea  
Noron £10.95, 342 pages

is sincere; indeed, he spends most of the book establishing the flaws in the evidence. Then he quickly debunks his findings and concludes that Sirhan Sirhan was just another lone, crazed assassin.

For 20 years, the alleged second gunman has been Thane Eugene Cesar, the security guard who stood directly behind Kennedy. Moldea located and gave a polygraph (lie-detector) test to Cesar, who was a rabid right-winger and admitted Kennedy-hater. He owned a .22 pistol similar enough to Sirhan's to use the same shell-casings and he lied about this when questioned in 1968.

Moldea's previous works include books linking Ronald Reagan and the National Football League with the Mob. He

presents himself as a crusader, choosing journalistic integrity over commercial possibilities.

In 1974, in answer to calls to reopen the case by Paul Schrade (an RFK aide wounded by Sirhan) and Congressman Allard Lowenstein, LAPD prepared a 76-page document, whose conclusions allegedly contradicted their official verdict. This has not been released, though Moldea quotes its cover sheet in a footnote.

Given that some of the LAPD personnel on the case had intelligence links, and given the history of LAPD's politics, could the conspiracy have been a localised, perhaps impromptu one? Moldea has not eliminated this, or other, possibilities.

Moldea postulates that the LAPD reconstruction erred in tracking Sirhan's first shot, and the fatal shot. This seems likely. LAPD's filmed reconstruction of the event seems to contradict the contrary evidence on the flimsy grounds that LAPD were the only ones capable of proper forensic work, thus rendering eye-witnesses, FBI agents, and even other cops unreliable and – finally – trusting the very investigators he has already shown erring.

The photographs have never been seen. They were believed to have been destroyed in the LAPD bonfire. Enyart sued for their return. The courier delivering them said they were stolen from his car on his way to Enyart's house.

Despite Moldea's efforts, this case will not stay closed.

Michael Carlson

**M**avis Cheek makes no pretence to significance. Indeed, she should a Large Theme intrude, it is thus signified by Capital Letters as it moves into view and passes like a ship through Ordinary Life. Her characters may wave, throw streamers and bunting at it, acknowledge its appearance as an event, but it disappears over the horizon, the band packs up the music, the champagne fizzles out and life falls flatly back into place.

Recently, a set of photographs taken by then 15-year-old Jamie Enyart, turned up in California's state archives. Enyart's were the only pictures taken in the kitchen at the moment the shots were fired, but his film was confiscated by LAPD.

The photographs have never been seen. They were believed to have been destroyed in the LAPD bonfire. Enyart sued for their return. The courier delivering them said they were stolen from his car on his way to Enyart's house.

These are reliable sources of quotation and allusion for life, love and the boudoir where Mavis Cheek's heroines have their minor epiphanies and their large aspirations as they

reach for the bottle – the heart's ease of gin and the soul's balm of moisturiser. They are not without resources, though a rich inner life is nothing without the nourishing external application of another layer of mascara.

Lovingly, tenderly, in *Sleeping Beauties* Mavis Cheek creates the cosmetic world of Tabitha's Beauty Parlour, a scented Nirvana that belies the falls flatly back into place.

**SLEEPING BEAUTIES**  
by Mavis Cheek  
Faber £14.99, 209 pages

ruthlessness of the ambitions, romantic and sexual, for which women are preparing their bodies. Tabitha, on the verge of retirement from her vocation as a dedicated beautician, is grooming a worthy successor – the young, glowing, nymph Chloe whose sole faults are knock-kneed and a painful tendency to speak as she finds. Chloe's big moment comes when she is entrusted with full make-overs of three women whose romantic lives depend upon her artistry.

Mavis Cheek is Faber's

female Nigel Williams, and lucky they are to have her. She is charming, chatty, sweetly frothy as Asté Spumante, and she perfectly judges her market. She is never as raunchy or as rude as Jilly Cooper. She clearly has fun writing her books, and her readers will have fun reading them. Since Mavis Cheek never condescends to women for that matter, she rarely condescends to men, though she is less interested in them except as furnishings to woman's lives – she can enter into their secret places with confidence, rummage in their closets, take stock of their cosmetics. She particularly takes an interest in women of a certain age: "She who had been dashing, thirty-something, desirable, was now moderate, forty-something avoidable."

Superficially, Mavis Cheek too often strains for hilarity, but underpinning the "comic tour-de-force" (as her publishers bill the novel) is a nice sense of irony, a quiet thoughtfulness and a novelist who knows and uses the sharp tools of "Vanity, lust, folly and foolishness" as a surgeon would his scalpel.

Fiction/Iain Finlayson

## Gin and moisturiser

death at the age of 44 cut short a career that might have seen his country's fortunes develop less calamitously than under his ill-fated son.

The Prince and the Professor, subtitled "A dialogue on the place of monarchy in the 21st century", is an enjoyable oddball of a book. Written by a barrister and modelled on Sir John Fortescue's *In Praise of the Laws of England* (1488-71), it argues that the common law tradition of the British monarchy ("under no man but under God and the law, for the law makes the king") is this country's best defence against the absolutist tendencies inherent in EC directives issuing from Brussels, which are based on the Roman law concept that "what pleases the Prince has the force of law". Stronger on ideas than on examples, the author should at least be applauded for raising debate about the purpose of the monarchy at an intelligent level.

Mark Archer

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Students at a rabbinical academy: "Silence is not a rule. They read out loud while rocking back and forth... punctuating difficult articulations with wide gestures... or by thumping on books, tables..." - from "Symbols of Judaism" by Marc-Alain Ouaknin (Editions Assouline £26, 128 pages).

## The greatest story - retold

**L**ike many a good atheist, I am fond of the Bible. Mind you, the only translation of the Bible I care for is the authorised King James version. I cannot be doing with modern ones.

On the other hand, hotel managers - and a great many others - will be intrigued to hear that the Bible is now available as an epic novel, and a reasonably well written one at that.

The Bible-as-novel may offend thousands of practising Christians. Many will never read it. But they will be making a mistake, because author Walter Wangerin, who spent 13 years on *The Book of God*, is a man of good intentions: a Lutheran minister and a professor of literature and theology in Indiana who set out to give the biblical narrative a really big shake.

His aim was to produce a clean, continuous story free of repetitions and genealogies, and to add in bits of cultural and historical background based on his own travels and scholarship. Sometimes he switches the narrational perspective so as to view biblical events through the eyes of minor characters. In all this, he succeeds.

Will it sell? In British Lion Publishing seems confident that it will and has printed 5,500 copies; these days, it says, hardback novels that cost as much as *The Book of God* are often given initial print runs of 1,000 copies or less.

Wangerin's novel does not start in the time honoured way, for he has moved the creation narrative back a bit. Instead, it starts like this: "An old man entered his tent, dropping the door flap behind him. In the darkness he knelt slowly before a clay firepot, very

tired... He began to unroll a straw mat for sleeping but paused halfway, lost in thought." This is Abraham.

To foster coherence, Wangerin has divided his novel into eight parts. It starts with *The Ancestors*, followed by *The Covenant, The Wars of the Lord, Kings, Prophets, Letters*

from *Exile, The Yearning, and The Messiah*.

There is nothing wrong with his novelistic flourishes. Podphar's wife, for example, gazes at Joseph with "dead-level eyes, the lids made green with malachite." Her neck is "extraordinarily long," her throat "naked". On the afternoon of the 11th day, by which time she is steaming, "her hair loose, her eye unpainted,

bright and wild," she rushes at Joseph. "Lie with me," she cries. "Hebrew, lie with me!"

Immediately before Jesus starts the sermon on the mount, he allows his "gold-bright eyes to linger here and there among the people, plucking forth individuals, Philip, Matthew, Shobal, Mary from Magdala, Gimel, Andrew, Simon. An eagle wheeled the blue sky above him. Sparrows flitted among the shrubs. Jesus spoke. "Blessed are the poor in spirit," he said, "for theirs is the kingdom of God."

The sermon on the mount happens to be the passage in the authorised King James version that I seek out most often in my worldly, atheistic way. I would not want to upset anyone, but Wangerin's account is better.

Michael Thompson-Noel

## Irrational about pseudo-science

The author's fears are unfounded, argues Clive Cookson

scientific ignorance in the world. I do not accept his assertion that the problem is becoming worse. He tells entertaining stories about alien abductions, "channelling" and similar absurdities of the 1990s. But the heyday of UFO hysteria was, after all, in the 1950s.

"I worry," Sagan writes, "that as the millennium edges nearer, pseudo-science and superstition will seem year by year more tempting, the strain of unreason more sonorous and attractive." Yet what strikes me, with only four years to 2000, is how little irrational millennial feeling has emerged; I had feared there would be much more.

Another disappointing feature of *The Demon Haunted World* - and a surprising one for an author who normally takes a cosmic view - is its parochial US-oriented approach. Too much of the book is spent railing against the dreadfulness of contemporary American popular culture, and television in particular, and lamenting the deterioration in American education.

Sagan, who is professor of astronomy and space science at Cornell University, has played an important role in the US space programme since its inception. Some of his moans,

for example about the loss of American competitiveness in high-technology industry, now read, disconcertingly, rather like the special pleadings of a lobbyist on Capitol Hill, trying to extract more federal funds for research.

Americans are beginning to find science "too hard," Sagan says. "Why isn't it too hard for the citizens of all those other countries that are outperforming the United States?" he asks.

**THE DEMON HAUNTED WORLD**  
by Carl Sagan  
*Headline £18.99, 432 pages*

asks, "What has happened to the American genius for science, technical innovation and hard work?"

From this side of the Atlantic, such doubts seem absurd. Indeed the story of the 1990s has been a reassertion of US dominance in the main fields of science and technology, after a period of relative weakness in the 1980s. In reality, the US leads Europe and Asia in all the main fields of academic and corporate research, from genetics to computing.

When it comes to education, British mathematics teachers will be surprised to discover

that Sagan puts their pupils on a pedestal as a beacon of good performance; school-leavers in the UK know far more maths than their US counterparts, he says, without giving a source.

And in an international chemistry test British 17-year-olds "were so high they were almost off-scale."

However, Sagan rather undermines his tale of educational deterioration in the US by revealing that he himself

received no inspirational science teaching in the New York school system of the 1940s.

"There was rote memorisation... but no soaring sense of wonder. In high school laboratory courses there was an answer we were supposed to get. We were marked off if we didn't get it. There was no encouragement to pursue our own interests..."

Sagan's interest in science was nourished through his adolescence by scientific magazines and books, and by his (working class) parents.

The worst aspect of the book's parochialism is the impression it gives that growing scientific literacy and technological competence in Asia are a threat. In fact, the world as a whole stands to benefit from the emergence of Japan, Korea and other Asian nations

# A go-between with an empty heart

The novels of L.P. Hartley betray the autobiography of a tormented man, although the 'trauma' in his life remains elusive, writes J.D.F. Jones

**A**re the post-war novels of L.P. Hartley still cherished and read?

*The Go-Between*, yes, surely a classic, with a film to help. The *Eustace and Hilda* trilogy?

The rest is silence. Leslie Hartley died in 1972; this first biography,

*Foreign Country*, by an unashamedly passionate admirer, Adrian Wright, successfully conveys both the sadness of the novelist's life and the limitations of his books.

Hartley, it has to be said, comes across as an extremely unpleasant man, leaving aside his private woes. He was a middle-class snob and a social climber who, with a Penland income from the brick industry, cultivated the company of many posh friends while always conscious of being an interloper (they agreed). He was happiest in the long periods he spent in Venice, where he had his own gondola (and his own gondolier).

He suffered from an overwhelming and hypochondriac mother and a shadowy Methodist/liberal father; his most vigorous relationships seem to have been with his servants - in his sad, drunken later years he suffered a sequence of rogues, even as he railed against the lower classes ("the

W.C."). His reliance on servants was so extreme, claims Wright, that he could not even turn on the wireless (surely not?).

He was homosexual though the detail of this part of his life evaded his biographer, in part because most of the personal archives have been destroyed. The great love of his life was Lord David Cecil, who deserted him for marriage; the biographer suggests, in a careful phrase, that "the quality of their friendship, in which sex was present but never used, was for Hartley the perfect arrangement".

Wright, while warm to his subject, admits that he was "a flawed hero". That is very kind. A woman friend and collaborator declares, devastatingly, that "he had an empty heart". Cuthbert Worsley (of the FT), reviewing one of his later books, described the Hartley-model narrator as "wet, feeble, sloppy, flaccid, flabby, degenerate, invertebrate, prissy, precious, an aesthetic nincompoop, tame as a neutered tabby...", adding that the other characters were "dead from the waist down". That must have hurt, and Hartley

wrote just a few wonderful novels. In the absence of documentation or cooperation, Wright has gone back to the books, which, he insists, betray the autobiography of a tormented man. "Solidity, unhappiness, frustration, guilt," were the qualities Hartley ascribed in an early essay to Emily Bronte and Hawthorne - and evidently shared. The novels, argues Wright, "are a landscape of his life, not a map". Eustace, in the trilogy starting with *The*

*Shrimp and the Amazone*, admit that he has not found it in its precise detail.

Was it, indeed, some sexual discovery, stumbled upon during a schoolboy holiday in 1906? Could it have been an experience of some sort of childhood abuse? We are unlikely ever to know, and only read the fictions with an ear to their confessional meaning. (There is an alarming late short-story about a young boy with his father, while his final novel involves a boy and a chauffeur.) But the more fascinating autobiographical element in this book is the discussion of the source material - Hartley's childhood closeness to one of his sisters - of *The Shrimp and the Amazone*.

This talk of a dispiriting life is well done, though inevitably dragged down with too much detail of Hartley's constant social engagements around Europe. It is helpful to be redirected to the first, and forgotten, novel, *Simone Perkins*, in which, in its evocation of a Venetian drama, Hartley for the first time reveals himself as a novelist specialising in the guise of the truth... It at once fixes his fascination with the sexual act, and his inability to accept it... That book, I must warn you, is out of print.

**FOREIGN COUNTRY:  
THE LIFE OF  
L.P. HARTLEY**

by Adrian Wright

Andre Deutsch £17.99, 304 pages

*Shrimp and the Amazone*, can only be Hartley himself. *The Go-Between* contains material essential to an understanding of Hartley's.

That unforgettable novel, you will recall, centres on the boy's experience when he acted as "go-between" for a pair of lovers who transgress the class divide of the time; the boy's life is traumatised for ever after. The "traumas" in Hartley's own life, which can be seen to have led to his emotional sterility, is central to his biographer's search, and Wright is honest enough to

## Rereadings

### Pictures from an Institution

Clement Crisp launches a new weekly column

She views the faculty members as material for a new novel, and her formidable eye for their foibles gives each of them a kind of mocking shadow.

(Gertrude's bark is not worse than her bite; "Gertrude's bark was her bite, and many a bite has him awake all night longing to be Gertrude's bark.") The other characters - headed by the college President, who is a far too boisterous ex-Olympic swimmer, ideal fodder for Gertrude's most malign fantasies - are shown to be ridiculous, pathetic or, and here Jarrell's writing has a grace to match his wit, vulnerable.

Each is summoned to life, and it is a credible life no matter how preposterous their manner, with a vividly communicated delight in their eccentricities or their humanity. They may be

mocked by Gertrude - and one of the book's finest set pieces is the college's "Art Night" when Gertrude sets on a literary agent for whose pomposities we almost feel sympathy after she

has savaged him - but Jarrell's portraits are wholly believable. If they did not exist in life, these people ought to have done - not because they are recognisable types, but because their literary existence is so potent, so pungent. (I half expect Radio 3 to feature Gottfried Rosenbaum - composer in residence at Benton - in some asphyxiating survey of Viennese music of our time.)

I return to *Pictures from an Institution* time and again, as one does to music. The balance and felicity of Jarrell's style, the resonance of the language - this is truly a poet's novel - quite as much as the tearing wit, the Brock's benefits of scorn and hilarity and elegantly barbed humour, are what keep each page fresh. I do not know where you may find a copy nowadays, but if you chance on one, buy. It is a light for winter's darkest days. Flo Whittaker, "in faded blue denim pedal-pushers, a faded blue denim halter, and a pot hat, a round white hat like a little girl's" looked "always as if she were leading six or seven little children up a sand-dune. She was, surely, the least sexual of beings: when cabbages are embarrassed about the facts of life, they tell their little cabbages that they found them under Mrs Whittaker". You see?

*Pictures from an Institution*

by Randall Jarrell

Headline £12.99, 192 pages

mocked by Gertrude - and one of the book's finest set pieces is the college's "Art Night" when Gertrude sets on a literary agent for whose pomposities we almost feel sympathy after she

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## ARTS

# The Opéra reopens its doors

After an 18-month face-lift, the Palais Garnier is back in business, reports Andrew Clark

**Y**ou need only glimpse the Palais Garnier, standing monolithically at the head of the Avenue de l'Opéra in the centre of Paris, to grasp the importance of opera and ballet in French national life over the past 150 years. And you only need to mingle in the crowds swirling round the Châtelet during the current run of Verdi's *Don Carlos* to realise how popular the lyric theatre can be when it is properly funded.

There is nothing apologetic about French support for the arts. Successive governments have invested heavily in high-quality culture, whether it be Corot at the Grand Palais, Balanchine at the Bastille or Boulez at the Cité de la Musique.

The rewards were obvious last weekend. After 18 months of refurbishment, the Palais Garnier – known since its inauguration in 1875 as the Opéra – re-opened with concert performances of *Don Giovanni* and a new staging of *Cosi fan tutte*. At the Châtelet, a front-rank cast revealed the full splendour of the five-act version of *Don Carlos*. With a Kirov season at the Théâtre des Champs-Élysées just ended, and strongly cast revivals of *Onegin* and *Billy Budd* about to begin at the Bastille, Paris is re-asserting itself as the world's operatic capital.

The Palais Garnier's ornate decoration evokes a style of opera-going from a less egalitarian era. Every corner radiates atmosphere. The entire FFR145m (£18.7m) cost of the renovation was met by the government.

The re-opening events were nonetheless an anti-climax. Two Mozart operas – one in concert, the other an intimate six-hander – hardly add up to the grand operatic statement the occasion demanded. And neither of last weekend's casts set the pulse racing. In *Don Giovanni*, Michele Pertusi made smooth but harmless seducer, Renée Fleming an effortful Donna Anna. The best of the evening was Joan Rodgers' "Mi tradi" and Monica Groop's far-from-soubretish Zerlina. Georg Solti whipped the music into shape in his usual inimitable style.

In *Così*, Jeffrey Tate's sensitive conducting was the sole source of inspiration – turning the Opéra orchestra into an



*C'est magnifique!* The restored opera house is a place for the 'gratin' of Paris to see and be seen

five-act original augmented by material cut before the 1867 first night and discovered by Andrew Porter in the Opéra's archives in the 1970s. In cases like the Elisabeth-Eboli exchanges before "O don fatal", the extra material fits well. But the Philip-Carlos prison duet holds everything up: Verdi knew when to wield the scalpel after all.

With that one exception, Verdi's inspiration never flags.

Verdi gave Paris what French grand opera rarely glimpsed: largeness of scale matched by intimacy of human drama. That this combination seemed so potent at the Châtelet is as much a tribute to producer, cast and conductor (in that order) as it is to Verdi.

This was anything but a traditional stage spectacle. What

interested Bondy was not the outward realism of time but the inner realism of human feeling and torn relationships. Each of the great duets was choreographed with spellbinding intensity, as if movement had been determined by a magnetic field of attraction and repulsion. Even minor moments were invested with palpable emotion. This is surely the kind of personal drama Verdi intended.

Gilles Allouard's décor was simple, spacious and predominantly Spanish: a floor-mosaic in the sunlit monastic interior, an exotic poolside for Eboli's yell song, a barren bedchamber for the king's Act 4 aria. Moldole Blécket's costumes, including décolleté gowns for the women, lacked historical veracity but told us

who the characters were.

The four male principals were as good as one can hope to hear today. Robert Alagna fully justified his rating as the world's leading tenor of the post-Pavarotti generation. He matched words to musical line with easy authority, never forcing and only occasionally hardening his tone at the top. He also acted like an intelligent member of an ensemble: three weeks of rehearsal had brought their reward.

Thomas Hampson's Posa was no less compelling. Disguised in flowing locks and long black coat, he could have stepped out of a Velázquez painting. Although his diction could be improved, his generous tone matched the "French" refinement of the music, and his trills were pure delight. Jose

van Dam's veteran Philip was the embodiment of emotional constipation, the voice sounding rejuvenated. Eric Halfvarsson's hooded Grand Inquisitor moved like a crab and sang like a devil.

The ladies were a matter of taste. Karita Mattila may not be a true Verdi spinto, but she sings ecstatically, with a rare ability to express conflicting emotion: she made a stunning Elisabeth. Waltraud Meier had neither the coloratura nor the purity of timbre for Eboli, but compensated with a brilliant "O don fatal". In the pit if not on stage, the performance was infused with an authentically French grandeur, thanks to a smoothly-contoured, luxuriant account of the score from Antonio Pappano and the Orchestre de Paris.

## Competition was tough in the foyer

Paul Betts mingles with the Parisian beau monde on the opening night

**T**he renovation was described as a *lifting* and the franglais could not have been more appropriate. Like an over-ripe dowager, the old Paris Opéra was badly in need of a face lift.

After all the scandals and political shenanigans that have bedevilled the agitated world of Paris opera during the last seven years, the long awaited event was marked with not one but two opening nights – and both were an opportunity for the *gratin* of

Parisian society to turn out in force and celebrate the return of *bel canto* at the Palais Garnier. "The hour of shame has passed", remarked one political commentator, referring to the late socialist President Mitterrand's decision to build a new "opera for the masses" at the Bastille

and to confine the Palais Garnier to ballet. There could be no greater contrast than the two houses. The people's opera of the Bastille, which opened on the 200th anniversary of the 1789 French Revolution, was described last week by Rolf Liebermann, the former

director of Garnier, as an airport terminal. With 2700 seats, it is the world's biggest opera house but since its opening in 1898 it has been beset by strikes, financial difficulties, the dismissal of 17 directors – not to mention criticisms about its poor acoustics. "What is the difference between the new opera house and the Titanic," went the joke in Paris. "The orchestra played on the Titanic."

The Palais Garnier makes no concession to multi-cultural modernism. It is a showpiece of the Second Empire, a temple of the bourgeoisie at the heart of the commercial centre of Paris. Charles Garnier himself said of his preposterously exuberant building, a cocktail of baroque and neo-renaissance, that it was to be "a monument to art, to luxury, to pleasure."

Théophile Gautier called the pastiche "a worldly cathedral of civilisation".

My invitation to the first night of *Cosi fan tutte* said *Smoking yes*. And I was glad to be decked out in dinner jacket because on formal occasions the French are more formal than the British. Even so, some strangers kindly brushed off a few specks of dandruff from the back of my collar as I walked up the great ceremonial marble staircase decorated with statues of females carrying torches.

I arrived early to indulge in a little aristocratic preening and social intercourse in the grand foyer and the parquet hall on the first floor designed by Garnier "as a drawing room for Paris society".

Women in magnificent outfits walked arm-in-arm with their escorts. "C'est vraiment magnifique", they muttered as their eyes fixed the *tailleurs*.

in the evening dresses, the jewels of the other women wandering in that provocatively self-conscious Parisian manner. Parisian women, a French friend acknowledged, are very unsuited in the way they flaunt their sexuality. "Young and old, they dress to compete against the other woman." The competition was tough in the foyer.

You could have been inside a painting by Renoir or Manet: or indeed inside the Monte-Carlo casino, for Garnier was later commissioned to build a mini replica of his Paris Opéra at that great temple of gambling. Both have the same abundance of sculptures, busts, allegorical figures, classical masks, frescoes and the same audience, at least on gala nights, of social locomotives for whom the performance is really a secondary matter.

Inside the auditorium nothing seemed to have changed. That is the triumph of the renovation, the third in the opéra's 121 year history. But on closer inspection,

everything has been restored to its original éclat: the curtain in front of the Italianate stage; the red "Opera" damask in the boxes; the seats in the stalls in their luxuriant trianon red re-painted in their original black; and above all the Chagall ceiling resplendent thanks to the restoration of the 144 little round lights circling the dome like the necklace worn by the Empress Eugénie, wife of Napoleon III, in Winterhalter's portrait.

Eugénie had criticised the opéra's lack of style. "What period is this, it is not Greek, nor Louis XIV," she told Garnier. "This is Napoleon III style," he replied.

But the best of the Opéra's lifting remains invisible to the

audience. Air conditioning has been installed to provide a comfortable, constant 21°C temperature. High tech electronics have replaced the old stage machinery and the curtains now drop so silently that the tenor did not hear them coming when they fell on his head in the middle of the last act. Acoustics have also been greatly enhanced.

"J'adore Covent Garden", said my neighbour with whom I was trying to avoid touching knees. "I love your informality, the way you see dukes in old dinner jackets drinking at the bar next to young in jeans." In the Garnier stalls, the seats with leg room designed for a Toulouse-Lautrec continue to be dreadfully uncomfortable. "The French must have been very small in the last century," my neighbour added. But she was watching all the other people and oohing and aahing about the Opéra's renovation.

"I do love star gazing," she acknowledged. She spotted Mme Pompidou; Raymond Barre, the former prime minister known as "France's greatest economist"; Pierre Bergé, the head of Yves Saint Laurent whose reign at the Bastille opera turned into *grand guignol*; and famous cashmere socialists alongside the imperial guard of the old regime.

We had a traditional after show dinner at the bustling Café de la Paix on the Place de l'Opéra. At around 2am one of the divas arrived with her entourage to be told that the chef had gone to bed. At my hotel the night porter asked if I had had a good night at the opera. "Magnifique", I said. "What did you see?" "You know, I really can't remember."

## The deft painter from Delft

William Packer reviews the Vermeer exhibition in The Hague

**V**ermeer of Delft is one of the rarest of artists – so rare that the whole world is beating a track to the Mauritshuis at The Hague this spring to see only 22 of his paintings of the 35 that survive. Most of them are small, some tiny, and they fit easily into four small rooms.

Vermeer is also one of the most puzzling and contradictory of artists. The belief that he was reclusive in his lifetime and forgotten thereafter is now exposed for the myth it is, yet many questions remain. Vermeer was just 21 when, late in 1653, he was admitted to its painters' guild, the Guild of Saint Luke. He was its master at 30 and again before he was 40. He was also a picture dealer, a business he inherited from his father and which finally ruined him in the 1670s. Dealers are not normally a resilient breed.

So, Vermeer was active and prominent throughout his life, visited by distinguished foreigners and supported by some known collectors. So where are all the paintings? Fewer than 40 for an active career of some 20 years seems improbable. At the time of his death, late in 1675 at the age of 49, there were at least 28 of his paintings still in his studio. Well-known and respected as he was, had barely one a year left his hands hitherto?

Some would argue the meticulous nature of his technique as cause of so slow a process, but this is nonsense on two counts. In the first place, even the most meticulous of techniques need not be all that slow; the minutiae highlight on a pearl earring can be the work of an instant. In the second place, he was not as meticulous as all that.

What is so intriguing now is to see how broad his handling so often is. In the earlier, larger religious and historical paintings, Italianate in feeling with a hint of Rembrandt, this is only to be expected. But once he shifts from the ideal to the actual, to the "View of Delft" and "The Little Street" of the later 1650s and his putative association with de Hooch, it is still the rich painterliness in the description rather than its obvious attention to detail that so takes the eye. De Hooch seems pedantic by comparison. Indeed, in such a matter of detail as the proportion of the figures by the river and in the street, Vermeer is hopelessly out. Later, the tiny "Girl in a Red Hat" of 1665, who turns from the light, her face in shadow, is a miracle of swift, deft painting.

In the great sequence of figures in interiors that follows after about 1660, the figure is established within the defined pictorial space, in proper relation to chair and table, window and wall. The more obvious narrative genre, of car-room gallantry and sexual innuendo, vanishes. These are not the concerns of a purely descriptive and narrative artist. Rather, they speak of one deeply engrossed in the structures and abstract visual syntax of painting itself. Two and a half centuries on, it is Mondrian, another Dutch painter, who comes to mind.

Vermeer emerges from this exhibition as surprisingly uneven an artist, by no means the immaculate master of his reputation. But at his best, he is truly great, for the unique intensity with which he celebrates the figure before him, and the space in which she stands. How can that woman be so true, so beautiful, in that frozen moment as she half-smiles, half-smiles, towards us, standing at her keyboard? It is enough that she just is.

Johannes Vermeer: the Mauritshuis, The Hague, until June 2; sponsored in the Netherlands by Rabobank.



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JULIA LEE

# A star is born

But will she survive?  
asks Joan Acocella

**O**n does not know what to think of New York City Ballet at this moment. On some nights, the company turns out the same vacant performances that became the norm soon after George Balanchine's death in 1983. Yet there have been other nights this season when one could feel the pulse quickening again, the breath rising - the old thrill.

What's happening? The most obvious change is in casting. For the ten years following Balanchine's death, the basic casting policy of his successor, Peter Martins, was wait-your-turn. Most of the big roles were taken by veteran dancers, no matter how tired. Meanwhile, fresh talent withered on the vine. Recently, however, for various reasons the ranks of the senior ballerinas have thinned, and Martins has been forced at last to bring up the young women.

Not all of them are setting the stage on fire, but one is: Maria Kowroski, from Grand Rapids, Michigan, who joined the company a year ago. Kowroski had a few important roles last season, but no one seems to have noticed. Now, this season, she has danced several large, historic roles - Odette in Balanchine's *Swan Lake*, the fourth-movement ballerina in his *Western Symphony*, the second-movement ballerina (Suzanne Farrell's role) in his *Symphony in C* - and no one is noticing anything else.

Kowroski has a tremendous endowment: big, strong feet, a supple back, a huge extension, a beautiful line. Beyond that, she has boldness, glamour, hunger. She makes you watch her. She has a few small technical problems; furthermore she is 18-years-old and therefore a little frantic. With every backbend, the hands brush the floor; in every arabesque *pencé*, the leg shoots not just to six o'clock, but to 605. (She reminds one of the young Sylvie Guillem.) All she needs is to modulate, infect. In other words, she needs to become an artist.

Can she? Apart from time, what turns a young dancer into an artist is repertoire and coaching: something artistic to dance and inspired instruction in how to do so. Coaching has been a dire problem at City Ballet. The only leading dancers who seem to know how to mold and develop a performance are those who were trained by Balanchine, notably Kyra Nichols and Nichol Hinkel.

The coaching void could be filled by hiring some of Balanchine's retired dancers to instruct the young. (Why Peter Martins has not done this is an unsolved mystery.) A harder problem is repertoire. There are very few good new ballets being created in the US, and none being created at NYCB. Every season, it seems, another Balanchine ballet is dropped from the company's schedule. His hold on the repertory is now hovering at about 50 per cent. And what is taking the place of his works?



Setting the stage of New York City Ballet night: the 18-year-old Maria Kowroski, seen here in 'Swan Lake'

Either the cold, empty ballets of Peter Martins or the warm, corny ballets of other choreographers.

This season's new offerings were exemplary. First came Martins' well-named *Reliquary*, a pastiche of Balanchine's Stravinsky-ballet style set to a pastiche of Stravinsky by Charles Wuorinen. Actually, the score contains bits of real Stravinsky, discarded sketches given to Wuorinen by the composer's widow. The choreography contains rather more bits of Balanchine, but the effect is to convert Balanchine from a way of dancing to a set of gestures, from a living force into a dead thing, a "style" that can then be appropriated, like a Deco handbag. With apt

timing, Lincoln Kirstein, the man who brought Balanchine to America and founded NYCB with him, died the morning after *Reliquary*'s premiere.

All the sentiment stirred by this ballet seems to have taken cover in the season's other new piece, *Touch*, choreographed by the former Paul Taylor dancer David Parsons to a commissioned score by Richard Peaslee. This was one of those many-modes-of-love ballets (the swooning couple, the quarreling couple, the sexy couple), but updated - to the 1980s. It looked like bad Jerome Robbins: lots of pony tails, lots of alienation. The only really modern touch was that when the boys finally stopped hugging the girls, they

started hugging the boys. How are dancers to become artists in ballets like this? And if, by accident, they did, why would such ballets need artists?

Among the dispirited youth in *Touch* was a 22-year-old dancer named Monte Meunier. Seven years ago, at the annual recital of the School of American Ballet, Meunier too danced Suzanne Farrell's role in *Symphony in C* - so grandly, so lushly, that people were talking about it for weeks. A star was born! Then Meunier joined NYCB, and there followed a long tale of miscasting, no casting, weight problems, mysterious illnesses. Today we rarely see her. Under such circumstances, what can one feel when another star is born?

# A writer always true to herself

Joan Smith on the life and work of Marguerite Duras

**W**hen the novelist and playwright Marguerite Duras died this week,

British newspapers responded with lengthy and respectful obituaries. The author of *L'Amant* and screenwriter of *Hiroshima, mon Amour* was hailed as "the cossack of the French intelligentsia and one of the most widely-read French authors of the post-war period". Although intended as a tribute, this encomium in *The Daily Telegraph* had the perverse effect of reminding readers that Duras and a handful of others aside, France has always had difficulty in exporting its cultural icons.

Only a few - Sartre, Gide, Barthes and Foucault - have achieved in Anglophones countries the kind of instant recognition they enjoyed at home.

Indeed since the novelist Françoise Sagan lapsed into relative obscurity, only two female names can be said to count: Simone de Beauvoir, who died ten years ago, and Marguerite Duras. Now the woman nicknamed "St Margaret" by the satirical magazine *Le Canard Enchaîné* has exited this world at the age of 81, a couple of months after François Mitterrand, and the former president who headed the Resistance cell in which she took an active role.

How, then, did Duras manage to break through so many powerful cultural barriers and become an international figure? Like de Beauvoir, she was lucky in her timing. Both women, when their strong, independent natures guided them towards feminism, found audiences eager to hear what they had to say. Equally important was Duras's insistent alliance of the personal and the political. Beginning with the script for Alain Resnais's film *Hiroshima, mon Amour* in 1959, in which a French actress's affair with a Japanese architect revives memories of her love for a German soldier during the second world war, Duras's writing gave intellectual authority to a younger generation of women who found themselves confronting painful dilemmas in a rapidly changing world.

She was still breaking taboos at the age of 70, when her autobiographical novel *L'Amant* won the Prix Goncourt for its frank account of the seduction of a French schoolgirl by a rich Chinese in colonial Indo-China.

(Duras was born in Giadinh, near Saigon, and lived there until she was 16.)

The other key to Duras's extraordinary success was her war record. Simone de Beauvoir was naive enough to sit and write day after day in the Café de Flora, a notorious haunt of the German occupying forces; Duras was once taken there for lunch by a Gestapo agent on whom she was spying for the Resistance. Yet in a country where the question "what did you do in the war?" is still capable of raising a frisson of anxiety,

Duras is clever enough, here and elsewhere in her writing, to leave the question open; it is impossible to tell how much of her work is directly autobiographical, how much of it is adapted to reflect some - as she sees it - larger truth.

François Lebelley, Duras's much-reviled biographer, certainly sees Duras as mythopoetic, accusing her among other things of exaggerating the number of lovers she took. In a sense it does not matter: as Francine du Plessix Gray argued, reviewing one of Duras's novels in the *New York Times Book Review*, her female characters "identify so totally with the male object of their obsessions that their loyalty is ultimately a form of fidelity to the self".

That self is the real subject of Duras's writing, and of her Vichy government clouded the end of his life. Yet when a biographer, Frédéric Lebelley, suggested two years ago that Duras had tortured an alleged collaborator, even though she herself had served the Vichy regime, the French press was clamorous in her defence. *Le Monde* set the tone by denouncing Lebelley's book as "comic, revolting, misogynist, a pseudo-biography which breaks the record for the most absurd book ever written about a writer".

In any case, Duras had already admitted her role in the brutal interrogations in *Albert of the Capitals*, a short piece of writing which was published alongside her auto-biographical work *La Douleur* in 1965. Or had she? The fragment bears all the hallmarks of Duras's fiction - staccato sentences, vivid descriptions, emotional detachment on the part of the narrator - and the main character is a woman identified as "the beam of light she turned on herself was unsparing, so that her detractors could not accuse her of anything - alcoholism, complicity in torture, hardness of heart" in divorcing her first husband, the writer Robert Anthelme, after his return from Dachau - which she had not already laid, however obliquely, at her own door.

## Royal Festival Hall

sbc

Set Mystères, La Mysterie des Voix Bulgares	10 May 1996 10pm
3 May World premiere of A Woman's Life, created for International Women's Day. The short opera based on a memoir of a woman who survived the horrors of World War II to become a violinist	C1720, C18, C1220, C1200
2 May vocal music	
San Giacomo Piccolo Chiaro & Scherzo two piano, piano duet, piano	10 May solo Works by Liszt, Chopin, Rossini, Vaughan Williams, Rachmaninov, Beethoven, Debussy, Brahms, Satie, Rzewski, Berio, Henze
2 May vocal music	C1720-C1800
Mon Astoria-Magnapiano Haydn's Circle orchestra	11 May London International Choral Festival, Adam Fischer (cond) Paradies Ensemble
23 May Haydn's Circle orchestra, 2nd half of Haydn's Circle, Martini: The Epic	C1720-C1800
Wed Philharmonico Orchestra/RH Associate Orchestra	23 May Haydn's Circle orchestra, 2nd half of Haydn's Circle, Martini: The Epic
13 May Pianoforte Concerto (Riccardo Muti/Orchestra, Riccardo Muti/Associate Orchestra)	C1720-C1800
14 May Haydn's Circle orchestra, 2nd half of Haydn's Circle, Martini: The Epic	C1720-C1800
15 May Haydn's Circle orchestra, 2nd half of Haydn's Circle, Martini: The Epic	C1720-C1800
16 May Haydn's Circle orchestra, 2nd half of Haydn's Circle, Martini: The Epic	C1720-C1800
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28 July Haydn's Circle orchestra, 2nd half of Haydn's	

## SPORT

## Sporting Profile

# Warming to the real McCoy

Chris Lawson meets a rising 21-year-old jump jockey

**G**ood horses. Good trainers. A good agent." Succinctly put. And 21-year-old A.P. McCoy, listing these three criteria as the cornerstones of his success, is nothing if not succinct. Speech, mannerisms, and, vitally, his riding style, have marked Tony McCoy as a man in a hurry, the brightest young star in jump racing's unstable firmament.

A suitable metaphor, as the rise of this young jockey, as with the quiet County Antrim accent has been hardly less than meteoric.

In only his second season with a jumping licence, it is hard to believe he holds such commanding lead in the jockeys' title race, more than 20 winners ahead of nearest rival David Bridgewater and consistently passing the winning post ahead of the established weighing room hierarchy of Dunwoody, Maguire, Williamson, Bradley et al.

The remarkable speed with which McCoy has arrived in the top flight is only paralleled by his lack of experience. When he arrived in England in 1994 he had only ever ridden in one steeplechase.

Apprenticed in Ireland at the flat racing yard of Jim

Bolger, at the age of 16, he adapted quickly. "I had to. I wasn't any good at anything else."

Over the next four years McCoy honed his talent schoolroom some of Bolger's best: Irish Derby hero St Jovite, Oaks star Jet Ski Lady, and Group One winner Eva Luna. This was an impressionable period. McCoy says: "Jim Bolger has to be one of the great trainers. I learnt a lot with him, had over 60 rides and rode my first winner, Legal Step."

He won five more times on the flat before increasing weight forced the transfer to hurdling. He has never looked back.

Seven victories in Ireland and a rising reputation for possessing a rare racing brain, preceded a move to England at the invitation of trainer Toby Balding.

"I'd gone to Wexford to look at Tony after one of my Irish spotters had told me of a young man I should take serious note of," explains Balding.

"He looked neat and tidy [in the saddle] and rode a particularly good race without actually winning. His lack of experience over bigger obstacles didn't bother me. I knew he'd done well hurdling

Tony McCoy, one of the brightest young stars in jump racing

and had good balance and an excellent eye for a jump."

Balding, one of the most experienced and successful of trainers, says of McCoy: "He possesses a natural racing brain and a rare gift that makes horses run for him. He assesses races extremely well and knows instinctively where to be and when to arrive."

Chickabiddy arrived for his first win on English soil in a handicap hurdle at Exeter in September 1994. It was the start of a habit that has become increasingly hard to break.

At first, headline writers re-wrote the record books last May when beating Adrian Maguire's 1991/92 conditional jockey's score (a conditional jockey is the National Hunt equivalent to an apprentice in flat racing) with 74 wins in his first season. Trainers competed for his services, and the astute McCoy enlisted the talents of Dave Roberts, top agent to the top jockeys.

Often insidious, side effects. So far, McCoy has maintained an air of indifference. "I don't pay any attention to the media. My job is to ride horses. Owners, trainers and punters put a lot of money into this game. Riding carries responsibilities because of it. I hate being beaten. Nothing brings you down to earth like getting beat."

The young pretender re-wrote the record books last May when beating Adrian Maguire's 1991/92 conditional jockey's score (a conditional jockey is the National Hunt equivalent to an apprentice in flat racing) with 74 wins in his first season. Trainers

A decision last July to take advantage of the advent of summer jump racing has paid dividends. While most rivals enjoyed a traditional six-week break, in their absence McCoy took an early lead in the jockeys' table, assisted by the emerging West Country trainer Paul Nicholls.

Nicholls, a former jockey now in his fifth year training, shares first claim on McCoy's services with Toby Balding.

"When I first appointed Tony as stable jockey there were many who thought it was a rather unwise move, particularly as we had a yard full of young chasers."

"But Tony came up. schooled some novices over fences and I must say I was very impressed. There was no faulting either his riding ability or his attitude."

Nicholls is another who is quick to appreciate McCoy's talent for race riding. "He's a professional, has a real will to win, but is the first to admit he could not have done so much so soon without good horses and a good agent."

Should next week's Cheltenham Festival go according to plan, Nicholls will be arming McCoy with ample ammunition for an assault on the Ritz Club Trophy, awarded to the most successful jockey over the three days of the meeting.

Call Equinam's Supreme Novices Hurdle looks

particularly promising says McCoy, out Captain Khedive (Arkle chase), Punters Overhead (Sun Alliance chase) and Iktasub (Triumph Hurdle) have all been

attracting interest in the market.

With three months of the season left, and the two most prestigious festivals (Cheltenham and Aintree's Grand National) to come, McCoy's most difficult job may prove to be focusing on the day-to-day grind of riding winners.

Chasing across the country becomes mentally, as well as physically, exhausting, as reigning champion Richard Dunwoody, now in more relaxed non-title chasing mode, has discovered over the last two years.

McCoy remains a strong

contender for the jockeys' title, but jump racing is a perilous occupation. The history books are littered with jockeys who would have

carried off the National Hunt title but for injury.

While McCoy may be taking full advantage of injuries to

rivals Adrian Maguire and Norman Williamson, both out of the Cheltenham Festival, it only takes one fall, one suspension or a sustained

winning sequence from another jockey to vanish faster than a gap on the inside rail.

Peter Scudamore, the most

successful jump jockey of all

time, has observed McCoy closely and offers his own

salutary warning: "McCoy is an exceptionally good jockey.

A great positional rider with an awareness that wins him

races on horses that should not have won. What he really needs now is to stay sound.

"He's got all the talent, he just needs that little bit of luck."



Michael Schumacher relaxing after a meeting in London

## Grand Prix / John Griffiths

# Schumacher's belief

breakfast in jeans and a plain open shirt, not realising there would an FT photographer.

A quick apology and he hurried away, unprompted, to return looking little different. Then you noticed that his shirt lapel now carried the discreetly stitched name of Dekra, one of his personal sponsors. No, insisted Willi, the shirt-change was not a contractual obligation for when photographers are around - "Michael likes to think about the interests of sponsors."

Such attention to detail seems to come naturally to Schumacher, unlike some drivers - and not all fully appreciate its importance to the corporations which feed the ever-gaping mouth of the F1 money machine.

You just know that when Asprey's new owner Prince Jefri, Brunel's finance minister, and his entourage pitch up at grands prix later this year, Schumacher will be there recalling what he has heard and giving yet another masterly display of how to keep sponsors happy.

It is the second impressive demonstration of the morning. A few minutes earlier Schumacher had turned up for

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## Cricket Politics / Canute James

# A jaded and arrogant team

**T**o West Indians, cricket is more than a drawn series on a hard tour of India when Richardson was fatigued.

Walsh, 33, a workaholic, and more dynamic than the phlegmatic Richardson, may not have more than three years to contribute to the team. A successful series against New Zealand would guarantee him the captaincy for the more difficult series in Australia at the end of the year.

It is widely accepted that the cricket team is one of the two institutions - the other is the University of the West Indies - which has done more to draw West Indians together than the protracted and frustrated efforts of political leaders to achieve some semblance of economic integration and political union.

The importance of the team

to the islands explains the decision of Caribbean prime ministers to intervene in cricket matters. At their summit in Guyana last week, Caribbean Community (Caricom) leaders awoke to watch, with growing disbelief, the humiliation of the former world champions by Kenya's spirited and deserving amateurs.

After weeping over coffee, they appointed a committee of four prime ministers to hold a "summit" with the West Indies Cricket Board.

The prime ministers expressed deep concern about the state of West Indian cricket, and thought it necessary to take practical steps to return the West Indian Cricket Team to its former place at the pinnacle of international cricket.

No date has been agreed for this meeting but, by the time it takes place, some fundamental changes will have already been made.

Richie Richardson's decision to quit as captain at the end of the World Cup is not surprising. Nor should the pundits who say they have an inside track on who will win the world championship this year, for the teams themselves are divided.

Frank Williams, not unaturally, says he expects Williams and probably Damon Hill, to win but the racing's going to be closer this year than for a long time past and Jacques Villeneuve, the young Canadian IndyCar champion in his first season for Williams, is going to be pushing him hard.

It changed its mind because of Richardson's decision to make his retirement public. The choice of Courtney Walsh is not surprising. He has been the vice-captain, and led the team man of being difficult to get along with; and of being too arrogant, particularly in dealing with the shortcomings of his less talented colleagues.

Critics of the West Indies will claim a victory in their persistent call for Clive Lloyd to be more involved in the team.

Lloyd, having captained West Indies into a successfully professional and consistently successful side, will have much to offer. He will not only work on players' skills, but will hope to reduce the levels of rancour, indiscipline, and dissension - and improve players' confidence.

A change at the top of the administration is likely to have taken place by the time the summit is convened. Peter Short, the frequently criticised president of the West Indies Cricket Board of Control, is unlikely to seek another term of office in June.

His administration has coincided with not only the waning fortunes of the team, but with confusion over the handling of team disciplinary matters and the controversy over playing in Sri Lanka. Eventually it was

decided not to play there because of the political situation. Significantly, Short was absent from this week's board meetings when the changes were made.

New captaincy and team management will lift the spirits of West Indian supporters

such a result could dangerously mask the shortcomings in talent, application and human relations which have undone what, on paper, appears to be a team to match any other in the game. Changes must be decisive and far-reaching, claim more radical voices.

Clearly, only Ambrose, Walsh and Lara (and perhaps Richardson, if he continues to play and is relieved of the distractions of captaincy) are the pillars of the team.

In one-day cricket, much more is needed. The Australians are favourites for the World Cup because they have a team which includes eight who can bowl and nine who can bat.

The Caribbean prime ministers, however worried and keen to help, do not appear to offer a cure for these problems.

Their best bet is to try to curb the inevitable outbreak of insularity in the region.

A winning West Indies is a focus of regional unity. Parochialism has been growing since the series loss at home to Australia a year ago, the uncertain performance in the drawn series in England last summer, and Kenya's win over a jaded and arrogant team.

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## What's on in the principal cities

### AMSTERDAM

#### CONCERT

- Concertgebouw Tel: 31-20-5730573
  - Hélène Grimaud: the pianist performs works by J.S. Bach/Busoni, Albeniz and Brahms; 8.15pm; Mar 17
  - Koninklijk Concertgebouworkest with conductor Carlo Maria Giulini perform Beethoven's Symphony No.4 and Symphony No.5; 8.15pm; Mar 13, 14, 15

#### EXHIBITION

- Van Gogh Museum Tel: 31-20-5705200
  - Franz von Stuck (1863-1928): Eros & Pathos retrospective exhibition of work by the German artist. The display includes 50 paintings, 15 sculptures and pieces of furniture; to Mar 17

### ANTWERP

#### CONCERT

- Koningin Elisabethzaal Tel: 32-3-2024562
  - La Forza del Destino: by Verdi. Concert performance by De Vlaamse Opera with conductor Daniel Lipton. Soloists include Henk van Heijnsbergen and Soya Smolyaninova; 8pm; Mar 17, 19

### BALTIMORE

#### CONCERT

- Joseph Meyerhoff Symphony Hall Tel: 1-410-783-8000
  - Baltimore Symphony Orchestra: with conductor Ivan Fischer and pianist András Schiff perform Haydn's Piano Concerto in D major and Brahms' Symphony No.4; 8.15pm; Mar 14, 15, 16

### BARCELONA

#### EXHIBITION

- Fundació Antoni Tapies Tel: 34-3-4570315
  - Paul Théka. The wonderful world that almost was: exhibition devoted to the work of the American artist Paul Théka (1933-1988). The display includes a selection from his series Technological Reliquaries (1964-1967), bronze from the series The Personal Effects of the Pied Piper (1973-1976) and a broad selection of drawings and paintings produced throughout his career; from Mar 15 to May 19

### BERLIN

#### CONCERT

- Konzerthaus Tel: 49-30-203092100/01
  - Marie-Claire Alain: the organist performs works by Couperin, Babetre, Franck and Alain; 3.30pm; Mar 16
  - Staatskapelle Berlin with conductor Daniel Barenboim and the Staatsopernchor perform Beethoven's Christus am Obergang and Symphony No.5. Soloists include soprano Laura Alken, tenor Peter Schreier and bass Rene Pape; 8pm; Mar 12, 13
  - Deutsche Oper Berlin Tel: 49-30-3438401
    - Die Meistersinger von Nürnberg: by Wagner. Conducted by Pataf Frühbeck de Burgos and performed by the Deutsche Oper Berlin. Soloists include Wolfgang Brendel, David Griffith and Barry MacDaniel; 5pm; Mar 10
    - Komische Oper Tel: 49-30-202600
      - Die Fledermaus: by Strauss. Conducted by Yakov Kreizberg and performed by the Komische Oper. Soloists include Schellenberger, Korwin and Neumann; 7.30pm; Mar 14

### BOLOGNA

#### DANCE

- Teatro Comunale di Bologna Tel: 39-51-529999
  - Les Ballets de Monte Carlo: perform the choreographies Dov'e is Luna by Jean-Christophe Maillet to music by Scriabin and Les Syphrides by Michel Fokine to music by Chopin; 8pm; Mar 12

### BONN

#### EXHIBITION

- Kunst und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200
  - By the Light of the Crescent Moon. The Occident and the Turkish Orient: exhibition devoted to the European's views on Turkish culture, from the 15th to the 19th century; to Mar 17
- Oper der Stadt Bonn Tel: 49-228-7281
  - Queen of Spades: by Tchaikovsky. Conducted by Alexander Lazarev and performed by the Oper Bonn. Soloists include S. Spaho, L. Schewtschenko, D. Jugovic and R. Naczinski; 8pm; Mar 13, 23 (7pm)

### BOSTON

#### CONCERT

- Boston Symphony Hall Tel: 1-617-266-1492
  - Boston Symphony Orchestra: with conductor André Previn and violinist Malcolm Lowe perform Mozart's Divertimento in F, K138 and Violin Concerto No.5, and Beethoven's String Quartet in C sharp minor, Op.131; 8pm; Mar 14, 15 (1.30pm), 16

#### EXHIBITION

- Museum of Fine Arts Tel: 1-617-267-9300
  - Art Works: The PaineWebber Collection of Contemporary Masters: the exhibition features the collection assembled at PaineWebber in New York. The works date from the 1950s and represent several key-movements of the last four decades, including

## INTERNATIONAL ARTS GUIDE



'Kitten' Anonymous (12th century) from the Splendours of Imperial China in New York

abstract expressionism, pop, minimalism, conceptual art, and neo-expressionism. The display includes works from artists such as Willem DeKooning, Helen Frankenthaler, Kiki Smith and Andy Warhol; from Mar 14 to Jun 9

### BUDAPEST

#### DANCE

- Magyart Alami Operaház – Hungarian State Opera House Tel: 36-1-312550
  - Nureyev International Ballet Competition: second edition of this biennial international competition for young dancers. The prize-giving gala takes place on Mar 17; from Mar 9 to Mar 17

### CANBERRA

#### EXHIBITION

- National Gallery of Australia Tel: 61-6-240-6411
  - JMW Turner: exhibition of about 60 paintings and watercolours by the English landscape painter Joseph Mallord William Turner (1775-1851). The exhibits come from European and American museums and private collections; from Mar 16 to Jun 10

### CHICAGO

#### CONCERT

- Orchestra Hall Tel: 1-312-435-6666
  - Chicago Symphony Orchestra: with conductor Riccardo Chailly perform the overture to Rossini's Guillaume Tell, Janácek's Sinfonietta, and Brahms' Symphony No.4; 8pm; Mar 14, 15, 16, 19 (7.30pm).

#### OPERA

- Civic Opera House & Civic Theatre Tel: 1-312-332-2244
  - Das Rheingold: by Wagner. Conducted by Zubin Mehta and performed by the Lyric Opera of Chicago. Soloists include James Morris, Edeard Wiaschita, Graham Clark and Marjana Lipovsek; 7.30pm; Mar 11, 18

#### EXHIBITION

- Art Institute of Chicago Tel: 1-312-443-3800
  - Show in the Kishio Kurokawa Gallery, "Contemporary British Architecture: Recent Projects from the Architecture Section of the Royal Academy Summer Exhibition" presents three years' highlights from the Architecture Room of the Summer Exhibition. Sponsored by the FT, the exhibition contains drawings, models and photographs of buildings designed by Sir Norman Foster, Nicholas Grimshaw and Richard Rogers, as well as work by younger architects. To May 5

### COLOGNE

#### CONCERT

- Kölner Philharmonie Tel: 49-221-2040820
  - Orgel plus Klavier: pianist Pavel Gililov and organist Viktor Lukas perform works by Dupré, Peeters, Guillou and Purvis; 11am; Mar 17
  - Tokyo String Quartet: perform Bartók's String Quartet No.2 in A minor and Beethoven's String Quartet No.13 in B major; 8pm; Mar 13

#### OPERA

- Opernhaus Tel: 49-221-2219240
  - Eugene Onegin: by Tchaikovsky. Conducted by David Levi and performed by the Oper Köln. Soloists include Andras Dobber, Helga Darnesch and Susan Anthony; 7.30pm; Mar 15, 17 (3.30pm), 19, 21, 23

### COPENHAGEN

#### OPERA

- Det Kongelige Teater Tel: 45-33 10 02
  - Madame Butterfly: by Puccini. Conducted by Paolo Olmi and performed by the Royal Danish Opera. Soloists include Gitta-Maria Sjöberg and César Hernández; 8pm; Mar 10 (3pm), 12, 15, 18

### DETROIT

#### CONCERT

- Detroit Orchestra Hall Tel: 1-313-833-3362
  - Detroit Symphony Orchestra: with conductor Neeme Järvi and percussionist Evelyn Glennie perform works by Thomas, MacMillan, Vivaldi and Ravel; 8pm; Mar 14, 15, 16 (8.30pm)

### DRESDEN

#### OPERA

- Sächsische Staatsoper Dresden Tel: 49-351-49110
  - Die Meistersinger von Nürnberg: by Wagner. Conducted by Christof Prück and performed by the Sächsische Staatsoper Dresden.
  - Nathan Berg: accompanied by pianist Stefan Scheja. The soprano performs songs by Schubert, Wolf, Poulenc and Schoenberg; 7.30pm; Mar 14
  - Nathan Berg: accompanied by

pianist Julius Drake. The baritone performs R. Schumann's Dichterliebe and songs by Schock; 8pm; Mar 16

#### EXHIBITION

- British Museum Tel: 44-171-5361555

- Vases and Volcanoes: Sir William Hamilton and his collection: exhibition focusing on the 18th century antiquary, connoisseur and natural historian Sir William Hamilton (1730-1803), better known as husband of Nelson's mistress Emma. The display features more than 200 items from the museum, together with loans from public and private collections from around the world; from Mar 13 to Jul 14

#### JAZZ & BLUES

- Ronnie Scott's Tel: 44-171-4390747
  - Trakers: performance by the 12-piece band, with special guests the Toby Holland Quintet; 10.45pm & 1am; from Mar 11 to Mar 17

#### OPERA

- Royal Opera House – Covent Garden Tel: 44-171-2129234
  - La Traviata: by Verdi. Conducted by Carlo Rizzi and performed by The Royal Opera. Soloists include Andrea Rost, Ramon Vargas, Helen Lohman and Gillian Knight; 7pm; Mar 11, 16, 18, 23 (7.30pm)

### LOS ANGELES

#### EXHIBITION

- MOCA at the Temporary Contemporary Tel: 1-213-621-6222

- Hall of Mirrors: Art and Film since 1945: this exhibition focuses on the relationship between cinema and the visual arts from about 1945 to the present. The show tries to demonstrate how art has been under the spell of cinema, how film has been under the influence of art and how the two have fused into new forms of artistic expression. The display includes 160 art objects, 70 films and film excerpts, 15

#### GENEVA

#### CONCERT

- Victoria Hall Tel: 41-22-3283573

- Orchestre de la Suisse Romande: with conductor Eliash Inbal and violinist Joshua Bell perform works by Mendelssohn and R. Strauss; 8.30pm; Mar 13, 14

#### GLASGOW

#### CONCERT

- Glasgow Royal Concert Hall Tel: 44-141-3326633

- The Royal Scottish National Orchestra: with conductor Walter Weller and soprano Felicity Lott perform Mozart's Symphony No.6 and Symphony No.41 (Jupiter), and Poulen's La voix humaine; 7.30pm; Mar 17 to Jul 28

#### MAASTRICHT

#### ART & ANTIQUE FAIR

- MECC Tel: 31-43-383-6383

- The European Fine Art Fair: more than 160 art dealers from Europe, the US and Hong Kong present highlights of their collection, including old master paintings and drawings, oriental art, silver, jewellery, books, manuscripts and maps, tapestries, and modern and contemporary art. Highlights include two paintings by Van Gogh, portraits by Rembrandt, Rubens and Frans Hals, Rodin's "Printemps Eternelle" and works by Picasso and Mattisse; to Mar 17

#### MILAN

#### OPERA

- Teatro alla Scala di Milano Tel: 39-2-72003744

- Fedora: by Giordano. Conducted by Gianandrea Gavazzeni and performed by the Teatro alla Scala. Soloists include José Carreras, Plácido Domingo and Mirella Freni; 8pm; Mar 15, 19

#### HELSINKI

#### OPERA

- Opera House Tel: 358-0-403021

- Tosca: by Puccini. Conducted by Kari Tikkila and performed by the Helsinki Opera. Soloists include Pätkö Törmä, Peter Lindroos, Esa Ruuttu and Hannu Forsberg; 7pm; Mar 15, 20, 22

#### LEIPZIG

#### CONCERT

- Gewandhaus zu Leipzig Tel: 49-341-12700

- Gewandhausorchester: with conductor Marek Janowski and pianist G. Oppitz perform works by Ravel, Honegger and Beethoven; from Mar 14 to May 5

#### NEW YORK

#### CONCERT

- Avery Fisher Hall Tel: 1-212-875-5030

- New York Philharmonic: with conductor Marin Alsop perform Bartók's Music for Strings, Percussion and Celesta, and Brahms' Symphony No.2; 8pm; Mar 14, 15 (11am), 16

#### OPERA

- Opéra de Liège Tel: 33-20 06 88 04

- Pelléas et Mélisande: by Debussy. Conducted by Jean-Claude Casadesus and performed by the Opéra de Liège. Soloists include Gérard Thérèse, Mireille Delunsch and



James Morgan

## American-speak, the global language

Films 'Made in England' have their titles changed for Europe because they are too hard. Hollywood movies make it easy

Sometimes it is hard to recognise friends abroad. They take on new, foreign airs and dress differently. Thus *Sense and Sensibility* is ordinary enough under grey English skies but is transformed on crossing the Channel. In Germany it becomes *Sinn und Sinnlichkeit*, which is fine, but it means *Sense and Sensuality*.

I had read a couple of hundred words in *Le Monde* about the star and scriptwriter of the film version, Emma Thompson, before it struck me what *Raison et sentiments* meant. It had the look of another fine title, possibly a work of Vol-

taire. The Italians follow the French model obediently and choose *Ragione e sentimento*, which is perfect for an Italian film.

Only Spanish kept to the original with *Sentido y sensibilidad*.

European cultures struggle, and often fail, to absorb the multi-layered concepts born in other societies at other times. *Much Ado About Nothing* loses its soul when rendered as *Beaucoup de bruit autour de rien*. On the other hand, the famous line in one tongue can become the perfect cliché in another: Prague is littered with posters which read *Bij ci nebjt or* "To be or not to be". This shows

sympathy with those who are wondering if they really should procure the best mail-order catalogue.

But why did *Sense and Sensibility* have to be translated when so many film titles are not? *Hightower and Braiseheart* are supposedly set in a British time and space but remain with the original titles on posters and placards. The answer is that translated titles, words and phrases are British. The American titles are usually left in the original. When this is not so, they have no resonance in their new language.

American is the global lingua franca and everybody expects to

understand it. Even the English. We all know what life-vests and bullet-proof vests are, and our television programmes routinely translate familiar objects into American.

So we hear of "license plates" on getaway cars and guns being stowed in their "trunks". In recent days a cricketer has been described as a "pitch hitter", and the term "pointman" has invaded the vocabulary of sports journalists who are as ignorant as I about the meaning of such words.

It is the universality of American culture that means we understand it even when we don't know what it means. American culture can be

absorbed into, say, France as easily as a Frenchman can become an American by donning a baseball cap at a ballgame. (But Americans, as Ronald Reagan pointed out, can never be accepted as French.)

England contains what is still a separate civilisation which others struggle to understand in their own terms. American is as universal as Latin was in Christendom. A 21st century Martin Luther, wearing a T-shirt inscribed in German, might one day spray graffiti on the gates of Deutsches-Disneyland at Wittenberg in some desperate gesture of cultural defiance.

Peter Krieg, of the Babelsberg

film studios outside Berlin, was asked the other day on the radio about the "European film". He replied that it already existed and was to be found in Hollywood. Every European is at home with the icons of the movie. A French film shot in Paris is not European, it is French. Los Angeles is familiar in a way London or Lyon are not. So Krieg was going to make American-language films in Babelsberg. They would then be dubbed into German and thereby gain markets that a German film would be denied.

*Sense and Sensibility* is translated because it is English in style and conception, even though it was "made in America" by a Taiwanese director. A film like *Braiseheart*, lacking any fundamental sense of time and place, has no complete cultural overtones and so remains untranslated across Europe.

A new book called the *The American Exceptionalism* shows how different the US is to everywhere else. Everything about it, the place of the Bible, the love of guns, is different. In spite of that, we all accept it as the home of the universal culture. Or maybe because of that.

■ James Morgan is economics correspondent of the BBC World Service

### Private View

## Exposed: the camera-shy photographer

Christian Tyler meets reclusive Cartier-Bresson, who prefers drawing and chooses to go unnoticed in order to see better

**C**andles flickered on the altar. A door banged in the distance. A nun in black veil and white habit came gliding out of a recess to fiddle with the microphone.

There were few customers gathered for the evening service in Notre Dame des Victoires, a basilica tucked behind the Banque de France. Glancing once more at my watch I wondered whether this surreal rendezvous would really take place.

Then a jaunty voice spoke in my ear, in English: "Are you here to pray?"

Henri Cartier-Bresson, the most famous photographer of the century, was a minute early.

Like most people, I had never seen a photograph of Cartier-Bresson. So his appearance came as a shock. The man who cultivates anonymity with a passion that borders on the obsessive, turned out to be anything but anonymous. Tall, cheerful-looking and fresh-faced, he was sportily dressed in a waxed jacket, with a blue cravat round his neck and what looked like a shooting stick in one hand.

Chatting agreeably, he led me out of the church into the streets of Paris, down a side turning and into the restored neo-classical building where he keeps his garret studio.

"It's a little late for tea," he said, disappearing into a kitchenette. I looked round the room and could not see a single one of his photographs on display. There were two small couches on either wall where the models lie for his chaotic drawings of the nude.

If Cartier-Bresson picks up a camera these days it is only to take pictures of friends. Drawing is his *métier*, and has been for nearly a quarter of a century - not only nudes, but portraits, landscapes, cityscapes, still lifes and old bones.

Until disabused by his friend and fellow photographer, Lord Snowdon, I had thought that Cartier-Bresson had long since been pushing up the daisies. This thought, however, I kept to myself.

My reluctant subject and attentive host emerged with two glasses and a bottle of malt whisky whose label resoundingly declared "clive en Ecosse".

After some skirmishing with chairs, we settled either side of a little round table and I asked Cartier-Bresson to spell out *la*

*rigle du jeu* (the title of a 1939 Jean Renoir film he helped shoot).

This was to be a conversation, he said, not an interview. The newspaper could use the photograph of him taken by his wife Martine Franck that he had selected from the archives of the Magnum agency (of which he is a founder). Yes, I could use a tape-recorder but I must destroy the tape afterwards.

With the whisky at one's elbow, these precautions began to seem more amusing than vexing, and I reminded myself that, after all, the Surrealist movement had been a great influence on the young Cartier-Bresson.

Why do you give so few interviews, I asked?

"Because it's a police system. Really. Because the journalist puts the question and even if he is not trying to be nasty in any way he doesn't disclose himself."

It's all one way?

"One way. Just like a police interrogation."

Or like a photographer.

"Huh?"

Or like a painter, I repeated.

He laughed. "Got it!" He stabbed his chest as if to say *ouch*.

A photographer can shoot and run, I said.

"Yes, but we do it to give. You also. We steal to give. But I like conversation very much, the exchange of views..."

Cartier-Bresson trained as a painter but made his name as a photographer in the 1930s. He continued to think of himself as a painter after escaping from a German prison camp during the second world war. He does so still.

"I've trained myself all my life to be unnoticed, in order to see better," he said. To be a celebrity was a cumbersome business embarrassing, meaningless and dangerous. He has to remain close to the ground."

Could this be a kind of pride, or vanity?

"It's a normal thing. It's a basic attitude to life."

Later he said: "Concentration is the secret. I have no gifts, neither in photography nor in drawing. I am not a gifted person."

Why can't you accept that you have a gift?

Every human being is potentially an artist."

Cartier-Bresson refilled the glasses. "Cheers!"

Anonymous and ascetic he may be in pursuit of his craft, but Cartier-Bresson can be vol-

atile and declamatory in conversation. He describes himself as impulsive and intuitive, denounces Aristotle and Descartes and relishes something he recently read in *Le Monde* by a neuroscientist to the effect that emotion is the basis of reason.

He also has a mischievous humour. "Do you mind if we speak about money?" he said suddenly, cutting short the interrogation. "I'd like to know what you think of the relation between art and money."

I made one of those on-the-one-hand, on-the-other replies. He looked unimpressed. What about you, I said.

"Let's not talk about me, please. It's not interesting. I can go to confession if you wish." He paused. "But let's be honest. Some collections have been made by bankers, popes, or very wealthy people, others by people with little means and great passion. They had a community of taste with the artist but I don't think the artist ever thought about the money."

Though he rails against the modern art market's dominance, Cartier-Bresson is not naive about money. He still

earns an income from the Magnum agency sufficient to indulge his second career as a draughtsman.

Lately this month, for the first time, some of his drawings will go on sale for £2,000 to £4,000 at the Mayfair gallery of Bergeret and Zevi. Meanwhile, an exhibition of his drawings, photographs and film-making has just opened at the Minneapolis Institute of Arts.

Cartier-Bresson likes to say he does not care about photography. What he means is that he does not treat photography as an art, but as a "tool" for observing, like drawing.

What about the critics?

"Critics are important. But I rely on my friends to tell me when things are good and when they are bad - and why." One told him he has done heaps of bad drawings, and some very good ones. "It's not really my problem. I'm not a curator of my work. My business is to keep alive."

Is drawing art?

"What is art in the end?" He rolled his eyes in mock resignation. "What is art? It's not my problem. Mine is to try and

understand and feel." But he went on to denounce Conceptual art as a "loathsome" mannerism, a tricky substitute for sensibility.

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What about the critics?

"I said: You are 57, I think. There was a pregnant pause. 'You'll have to ask the police. I don't count.'

Have you achieved some kind of synthesis for yourself?

"For me it is only the instant that counts - and eternity. We are part of a perpetual transformation. I am living as fully as I can."

Are you still trying to find things out when you draw?

"It's a meditation, a meditation."

The word was appropriate.

Cartier-Bresson has for years

been a devotee of Buddhism. I asked him to name the happiest days of his life.

"Next week, when Martine comes back." His wife Martine was in Nepal taking pictures of Buddhist temples. She is his second wife; his first was Ratna Mohini, a Javanese dancer, to whom he was married for 30 years.

When I asked him if he would like immortality for his work, he reacted with the same show of offence. "Please! Don't insult me! It's a very unpleasant question. Who do you think I am? A dealer?"

But as an artist?

"I'm not an artist. I'm a human being trying to express himself."

Do you wish no kind of immortality for yourself?

"If one puts that question one is doomed. It's an arrogance. It's absolutely contrary to the act of living, of fulfilling yourself."

"The Ego is a monstrous thing. And you've been pushing me into the Ego all the time. Remember we are part of the thing we observe. Rimbaud put it well."

Are you afraid of becoming a monument, an institution?

"I'm not afraid. I want to preserve my liberty, everyone's freedom. Within my strict frame of reference I want to be a free person and to die free. You're not going to get me into your clutches with your little machine." He indicated his hated tape-recorder. "I've been an escaped prisoner and I'm going to escape again in front of you."

But Cartier-Bresson made no attempt to escape; he was being shamelessly rhetorical now. Instead, he smiled benignly and stood up to fetch a catalogue of his drawings.

Carefully, in a large hand, he inscribed it: *A mon révèrend père confesseur* and signed it at a final, surrealist touch.

- En rit Ca-Bré.



Henri Cartier-Bresson: 'To be known as a photographer is a sort of power, and I don't want it. I don't deserve it.'

Martine Franck

Peter Aspden

## Continental lessons in love



In matters of the heart, the thing that is supposed to distinguish the British from all those continental cads is an innate sense of fair play and dignity.

True, they might be a little reserved, under-

stated, in need of a little time to warm up. True also, that you might not get the unbribed sensuality of a Latin love affair at its peak. But you do get comfort, constancy, solidity.

They may seem like ideal qualities for a saloon car or a pet dalmatian, but they are not virtues to be scorned.

So popular myth has it. It is nonsense, of course. The language of love is invisible. Only if you appreciate its willful caprices are you able to react with due decorum in the event of a setback. With passion comes understanding. If there is no burning emotion there to start with, what chance is there of behaving honourably?

Here are two highly honourable reactions from those apparently scheming Europeans: first, from Danielle Mitter-

rand, widow of François, asked to comment in *L'Express* on the former president's long relationship with another woman: "A person is capable of loving someone passionately and then, as the years go by, of loving differently, perhaps even more profoundly, and then one can fall in love with someone else. The greatest hypocrisy is to want to pass judgment on that."

Then there is Luciano Pavarotti, married for 30 years to Luciano, who has fallen in love with his 26-year-old PA, Nicoletta Mantovani. What did Adina think of the affair? "When the sunset comes, the sense of limitation and loneliness which hits successful people especially, has to be supported by old, well-rooted, tested relationships."

The thing to be admired in both these cases is the measured, diplomatic tone adopted by the wounded parties. No plates are smashed, no knives drawn, no rancour, no hostilities. Love is just a thing that happens, and then sometimes stops happening. It is life.

Compare this sage acceptance with happenings in the Royal House of Windsor, unravelling with comic aban-

don in a sector of hyper-space between Kensington and Klosters.

First, the Princess of Wales announces unilaterally that she has agreed to a divorce. Nothing wrong with that, save that she chooses to make her announcement on the same day that John Major is meeting John Bruton to discuss the faltering Northern Ireland peace process. Even for a Queen of Hearts, it is not what you would call a cerebral response. One might have hoped that she would allow the nation to get on with its important business undisturbed; but Diana knows her public. Most of the media, including, scandalously, the BBC *Nine O'Clock News*, chose to lead with her announcement. No wonder Major and Bruton looked grey with worry. Did anyone care what they said?

No matter. Divorce it is. Can we have some restraint now? Like hell. Now we get the childish legal wrangles, cunningly disguised as burning constitutional issues. What do we call her? How much does she get? Where does she live? Can you still get a quickie in Haiti? A shadowy Welshman suggests

that the Big C is a shade short of the Right Stuff to reign over us. But the merciless forces of the Establishment, aka the Labour party, slam-dunk his words down his throat.

The tabloids are in full swing; and so is James Hewitt, part of that love triangle, or is it a trapezoid, hanging semi-naked from a beam in a ski resort on the front page of the Daily Mirror,



# Weekend Investor

Wall Street

## Is downsizing now a dirty word?

Maggie Urry wonders if the bond market is to repeat its 1994 performance

**T**here is a depressingly familiar look to the US bond market. While the stock market has continued to set new highs, falling bond prices have pushed up yields significantly this year.

The yield on the 30-year Treasury "long" bond, which serves as a benchmark for the market, has risen from under 6 per cent at the start of the year, to nearly 8.7 per cent yesterday. And this in spite of two cuts in official interest rates recently, one in December, another in January.

The big question is whether the bond market is about to repeat its performance of 1994. And, as a supplementary, why is the stock market not more concerned by the rise in long-term yields?

The worst year for the bond market in recent memory was 1994. Those who lived through it still shudder at the losses sustained. Already, as the chart shows, the yield on the long bond is tracking the rise in the early part of 1994. If it carries on like this, 1996 would be another nasty year.

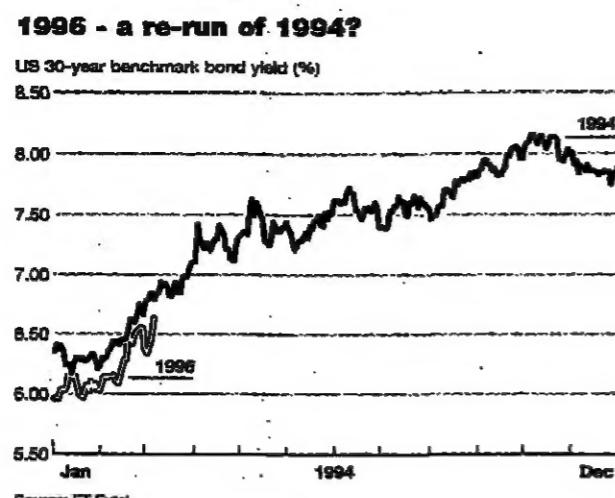
But there is a big difference between the economic background then and now. Stephen Roach, chief economist at Morgan Stanley, is not bullish of the bond market, but he does not expect a re-run of 1994 either.

He points out that at the start of 1994 the official short-term interest rate was 3 per cent. Compared with inflation of around the same amount, real interest rates were remarkably low, meaning that monetary policy was loose. The bond market crash was prompted by a rise in official interest rates as the Federal Reserve decided it had to tighten policy to prevent inflationary growth.

Now the Fed's target interest rate is 5% per cent, well above the inflation rate still a little under 3 per cent. Roach argues that the monetary stance now is fairly neutral.

At present inflation is benign, and the economy looks to be growing only modestly – at least until yesterday, of which more in a moment.

What has pushed yields up in recent weeks has been changing perceptions of the outlook for interest rates. Not so long ago, the market was assuming the Fed would cut rates sharply – perhaps to 4% per cent – over the next few months, beginning at the Fed's meeting later this month.



However, recent economic statistics have been giving the market mixed signals.

Yesterday the markets suffered a real shock when the employment figures showed a sudden surge in new jobs. The bond market had been nervous about the number all week. Estimates varied widely, between a rise of around 200,000 to 500,000. But no one was prepared for the jump of 705,000 in job numbers, and the bond market reacted.

Such a leap in employment suggests the economy is much stronger than had been thought. And since the bond market equates faster economic growth with a rise in inflation, there was a sudden fear that interest rates would not fall any further from here.

As Bruce Holmquist, director of fixed income management at Riggs Investment Management, says, the Fed has moved from a "need to ease" stance – when cuts in interest rates were thought necessary to stimulate a slowing economy – to a "room to ease" position, with the Fed wondering if there is scope to cut given the growth and inflation outlook.

Yesterday there was even a suggestion that the next move in official interest rates might be up, not down. If that happened, then the pattern of 1994 might be seen again.

So to the second question. Why does the stock market keep going up? Even yesterday share prices quickly recovered from a sharp fall at the opening. Roach regards the equity market's rise in the face of higher bond yields as "scary".

Money is pouring into shares. In January and February this year, investors put

\$50bn into equity mutual funds.

Roach's theory is that there is a fundamental shift taking place in America, which is affecting politics, economics, companies, and the man in the street. That shift is from capital to pro-labour.

It is one of the paradoxes of America that such a shift should be taking place just as the Republican party is in the ascendant.

If Roach is right, then the emphasis of economic policy will shift from keeping a tight control on inflation to job creation and wage increases. That would be bad news for bonds and equities.

This shift may even be

affecting corporate behaviour.

The stock market has been applauding companies which made substantial lay-offs and announced large restructuring costs. These supposedly "one-off" charges led to higher future earnings, and were therefore considered a Good Thing.

But this week IBM, the computer company, said it would no longer call such write-downs one-time charges.

Instead it would regard such costs as a normal part of its business.

Downsizing has suddenly become a dirty word in America. It is no longer acceptable for companies to rejoice in cutting jobs. And that could be bad news for corporate profits.

**Dow Jones Ind Average**

	Price yesterday	Change on week	52 week High	52 week Low	
FTSE 100 Index	3710.3	+2.4	3761.3	3011.8	Wall Street shakeout
FTSE Mid 250 Index	4222.7	+16.3	4280.4	3315.6	Interest rate cut
Alders	202	+20	244	162	Takeover talk
Amey	165	+30	188	117	Rail management deal
BAA	504	+13	546	419	Broker "buy" note
British Biotech	2280	+237	2358	461	Cancer drug trials expanded
Cadbury Schweppes	519	-36	567	428	Disappointing figures
Costain	91	+17	150	67	Speculative interest
FirstBus	169	+15	176	131	Acquisitions valued at £52m
GKN	893	+47	906	567	Bumper results
More O'Ferrall	582	+54	585	347	Well-received figures
Raine	19	+5	23	13	Housebuilding recovery
Seico	833	+26	856	521	Sector ratings
South West Water	616	+115	617	460	Big plans by Wessex Water
Zeneca	1370	+103	1408	840	Takeover hopes

Barry Riley

## The real strengths of the City

Does it need interference from outside? Very probably not

**T**he City of London earns something approaching £20bn net. It is certainly a national economic asset that deserves to be nurtured and encouraged. True, you cannot calculate the sums properly without allowing something for the losses incurred by the rest of the UK economy from the draining of human talent and other resources to the Square Mile. But the City is, nevertheless, a unique economic asset in the European time zone, and it is remarkable globally for being a financial centre which has grown out of proportion to its modest industrial and commercial hinterland.

Perhaps the British government has a sense of guilt about how its anti-single currency policies (on the negative side of euro-neutral, anyway) are threatening the international financial centre that nestles within the UK. At any rate, last year the Treasury launched a City Promotion Panel to market the UK's financial services industry internationally.

The initiative has not, however, gone down well. Michael Cassidy, of the Corporation of London, has complained that the panel does not include representation from several of the City's important constituent interests. And there are obvious questions about the role of British

invisibles, the curiously named promotional body set up 30 years ago with the backing of the Treasury and the Bank of England.

Does being left out of the single currency threaten the City's role? The European Central Bank will be based in Frankfurt and London might, as a result, be disadvantaged for some types of Euro-denominated transactions. The effect on its global business could be slight, however.

You can argue that London gains quite strongly by being distanced from the culturally more inhibited continental financial centres. One of the City's recent triumphs, after all, has been the success of Liffe, the financial futures exchange, in winning the lion's share of the business in German government bond futures against competition from Frankfurt's DTB.

A report this week by the London Investment Banking Association discussed the possibility that, if the UK did not take part in economic and monetary union, Euro countries might take measures to make life difficult for institutions dealing in single currency business outside the Euro area. It concluded that a serious threat would arise only if a continental financial centre were to accumulate a critical mass of institutions sufficient to challenge the City.

Overseas firms to flock to London: because the labour market regulations are lax by continental standards, international financial services companies can be more successful.

It remains true that certain of the City's major institutions are in some disarray. In parliament during the past week or two, the Treasury select committee has been hearing evidence about the recent troubles of the stock exchange, culminating in the sudden exit of chief executive Michael Lawrence. Baffled MPs have been listening to arcane arguments about the virtues of order-driven, rather than quote-driven, trading.

But talk of institutions can be distracting. It is the City's labour force that is the true secret of its success: the hundreds of thousands of staff who represent a collective resource that Frankfurt, Amsterdam, Paris or Zurich cannot match.

Because they can be hired easily, it is possible for

**It is the City's labour force that is the true secret of its success**

overseas firms to flock to London: because the labour market regulations are lax by continental standards, international financial services companies can be more successful.

For promotion, the Bank of England used to be quite active in singing the praises of the Square Mile but, as it has acquired increased supervisory responsibilities, culminating in the Barings disaster, it has become more inhibited by conflicts of interest. A few years ago, the Treasury became the "sponsoring" ministry for financial services; hence, no doubt, its recent initiative. Yet, clearly, it has a lot to learn.

British Invisibles has been a

curious case. No other country seems to have any urge to separate the promotion of trade in physical goods and

"invisible" services. Its creation in the 1960s had origins rooted in the very cultural basis of the City itself: the preference of the gentlemanly classes for financial business rather than for trade in mere goods.

But the political climate when BI was founded meant that it was considered desirable to mask its preoccupation with the Square Mile. Other "invisible" industries were embraced as well, such as tourism and entertainment (although culturally – and industrially, too, for that matter – they have never meshed very happily). In blurring its image in this way, however, British Invisibles seems now to have managed to sideline itself instead of becoming the Treasury's dedicated promotional vehicle for the City of London.

The real question is whether the City really needs the help of these self-appointed bureaucrats. Every day, thousands of its firms reach out across the globe. The big US, German, Swiss and Japanese institutions are entrenched heavily in London because they can do good business there. It will be better if the sectional jealousies can be worked out in the competitive market-place than in boardrooms of quangos. Perhaps, after all, the City can best look after itself.

London

## Make the most of the rate cuts

The latest could be the last, says Philip Coggan

**S**ome people just have no gratitude. The chancellor's present to the stock market yesterday – in the form of a quarter-point cut in base rates, to 6 per cent – appeared to get a raspberry from investors. The FTSE 100 index fell 47.9 points on Wall Street.

The reduction had been widely expected, so the market could be forgiven for not rising. But the real reason for the plunge was the turbulence on Wall Street.

Reductions in US interest rates have played an important part in fuelling the recent international bull market in shares which has carried the Foothills to all-time highs. So any suggestion that economic strength might stop the Fed from cutting rates further, or even lead it to raise them, is seen as bad news for investors.

There might also be a sense that the UK rate cut could be the last in the present phase.

The short sterling future, the

market's vehicle for speculating on interest rates, is signalling that the cut will be more than reversed by December.

The market might also be indicating that it takes a more robust view of the UK economy than many experts. While Footsie has struggled and failed to top its all-time closing high, the Mid-250 index has repeatedly scaled new peaks; and the FTSE 100 by 4.5 per cent so far this year.

Small companies are more exposed to the UK economy than Footsie constituents, which often have international interests. So the shift suggests investors are expecting a consumer-led rebound. If that does happen, the chancellor would have less justification for cutting rates again.

The fact that yesterday's problems began in the US bond market is also significant. The graph, provided by Ian Scott of Lehman Brothers, shows the volatility of equities relative to

bonds (for statistical enthusiasm, this is measured by dividing the standard deviation of monthly equity returns by the standard deviation of bond returns, using a three-year rolling average).

As one would expect, the normal pattern is for shares to be more volatile than bonds. But, over the past three years, the situation has been reversed.

According to Scott: "On four occasions, we have seen equity volatility approach that of bonds: 1964, 1979, 1984 and 1987. In three out of the four cases, this proved to be a prelude to a sharp correction in the equity market of between 10 and 20 per cent."

Nevertheless, there are still plenty of bulls out there. One analyst who remains optimistic, despite yesterday's falls, is Ian Barnett of Société Générale Strauss Turnbull Securities. He is expecting Footsie to reach 4,150 to 4,250 by the middle of the year.

Harnett says loose monetary



The chancellor's gift to the market did not prevent its plunge

policy worldwide "will result in lower interest rates which will boost global liquidity and help to keep international markets buoyant. In the UK, the political imperative will ensure that monetary policy will be eased further, with base rates falling to 5.75 per cent".

He adds: "GDP growth will accelerate to 3.1 per cent in 1997, after 2.5 per cent in 1996, helping earnings and dividends to grow by 10 per cent this year. Low interest rates will also encourage a bumper year for mergers and acquisitions activity, with a further £20bn of deals."

But bulls may have to adjust their stock-picking tactics. Value investing is one of the most celebrated and successful strategies for beating the market. At various times, investors have produced great results by picking the shares with the highest yield, lowest price-to-asset value or whatever.

Things may be changing. Research produced by ABN-Amro Hoare Govett this week showed that techniques such as the O'Higgins method (based on the highest yielding stocks in the FT-30) underperformed in 1995.

Hoare Govett points out that in Germany, in contrast to the UK, a value-based strategy has not historically outperformed a basket of stocks selected on the basis of growth in (dividends, earnings, assets and so on).

The importance of value in the UK could be due to the country's economic instability; the boom-bust cycle means that investors have to pay more attention to interest rates and valuation measures than they do to earnings growth

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